

# The NATIONAL UNDERWRITER

**WE  
are  
TALKING  
ABOUT  
YOU...**



We are telling insurance buyers in your community about the splendid job our agents and brokers are doing day in and day out.

We are talking to more than ten million readers about the extra service you give your clients.

Look in the March 26 issue of **NEWSWEEK** and in the April issue of **TOWN JOURNAL** for the first of a series of advertisements based on factual cases — taken from our loss files — illustrating that extra service... "Service Beyond the Contract"... that you go out of your way to give to policyholders.

**TOWN JOURNAL** and **NEWSWEEK** have been selected to tell your story in your community because they are read by the very men and women you want as clients.

Most of them are homeowners and local businessmen. A majority are also in a position to influence the purchasing of insurance in their places of business. Many of these readers are your clients; all are prospects for new and additional insurance.

Watch for coming advertisements during the year that talk about *you*... They will help you sell!

**N.B.&M. GROUP**  
**ESTABLISHED**  
**1809**

**NORTH BRITISH and MERCANTILE Insurance Company Limited**

**The PENNSYLVANIA FIRE Insurance Company**

**The COMMONWEALTH Insurance Company of New York**

**The MERCANTILE Insurance Company of America**

**The HOMELAND Insurance Company of America**

Administrative Office: 150 William Street, New York 38, N. Y.

**The OCEAN MARINE Insurance Company Limited** Administrative Office: 55 John Street, New York 38, N. Y.

**CENTRAL SURETY and INSURANCE CORPORATION** Home Office: 1737 McGee St., Kansas City 41, Mo.

PACIFIC DEPARTMENT—SAN FRANCISCO 4, CALIF. • SOUTHERN DEPARTMENT—ATLANTA 8, GA.  
MIDWESTERN DEPARTMENT—CHICAGO 6, ILL. • WESTERN DEPARTMENT—KANSAS CITY 41, MO.  
PHILADELPHIA DEPT.—PHILADELPHIA 5, PA. • MICHIGAN-OHIO DEPT.—DETROIT 26, MICH.

**THURSDAY, APRIL 12, 1956**

# THE SKY'S THE LIMIT...



Go places in a hurry with this new Hartford Major Medical Expense Policy. It is the best combination yet of the latest features in the Major Medical field. With it you can skyrocket your commission income, because virtually all your clients and prospects need and want what you'll be able to offer: *low-cost protection against disastrous medical expenses*. The market is unlimited! There are many outstanding policy features to help you cash in on this new opportunity.

## Look at these advantages...

- ★ No hospital confinement required — a highly attractive selling point.
- ★ Benefits apply separately to each and every unrelated sickness and accident.
- ★ Graduated premium rates — young people get an extra price advantage, and rates are competitive for all age groups.
- ★ No "inside" limits on costs of surgery, medicine, x-rays, doctors' and nurses' services, etc.
- ★ Pays in addition to other insurance (except Workmen's Compensation).
- ★ Available with benefit limits of \$5,000, \$7,500 or \$10,000, and deductibles of \$300, or \$500 or \$750.
- ★ 12 month Deductible Periods followed by 12 month Benefit Periods.
- ★ Single deductible applies to covered family members injured in common accident.
- ★ Fast claim handling and quick benefit payments through Hartford's coast-to-coast network of nearly 200 Claim Service Offices — eliminating correspondence and red tape for you and your clients.

## Hartford prestige

### makes sales easier

When buying hospitalization and medical expense coverage, people are particularly anxious to insure with a well-known company of good reputation. The famous Hartford name and record of dependability means ready public acceptance for this policy. Extensive advertising through leading magazines reaching 20 million families is spreading the news about Hartford Major Medical. And a wealth of hard-hitting sales promotion material is available to help you reach your prospects on the local level. The Handy Rate Calculator enables producers to quote premiums with a flick of the hand. Hartford A&S Sales Representatives are well trained to be of assistance in every way possible.

Major Medical Insurance is the first step in Hartford's big Accident & Sickness expansion program. This is the time for good producers to get in on the ground floor. For further information about this superior new policy write now to: HARTFORD ACCIDENT AND INDEMNITY COMPANY.

Year in and year out you'll do well with the

# Hartford

Hartford Fire Insurance Company  
Hartford Accident and Indemnity Company  
Hartford Live Stock Insurance Company  
Citizens Insurance Company of New Jersey . . .  
New York Underwriters Insurance Company . . .  
Northwestern Fire & Marine Insurance Company  
Twin City Fire Insurance Company . . .

Hartford 15, Connecticut  
New York 38, New York  
Minneapolis 2, Minnesota





# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

60th Year, No. 15  
April 12, 1956

## Neal Sees A&S Ad Rules Wiping FTC, Industry Slate Clean

**Offers Encouragement at LIAMA Chicago Meet; Hear Faulkner, Pansing**

Groundwork has been laid which should permit federal trade commission to withdraw from the field of A&S insurance advertising, Robert R. Neal, resident counsel at Washington for Bureau of A&H Underwriters and H&A Underwriters Conference, told the A&S meeting of LIAMA at Chicago this week.

Adoption of A&S advertising rules by FTC and effective administration by the states of the National Assn. of Insurance Commissioners rules "should spell the end of more complaints by the FTC," Mr. Neal stated. "A further result from industry compliance and cooperation with the rules," he added, "could be the dismissal of the pending cases and the vacating of the agreed orders" by FTC.

Mr. Neal, who is scheduled to become general manager of Health Insurance Assn. of America at the organizational meeting in Cincinnati the latter part of this week, addressed the opening session of the LIAMA gathering. Other speakers at this session were E. J. Faulkner, president of Woodmen Accident & Life, slated to become the first HIA president, and Thomas R. Pansing, Nebraska insurance director, who played a leading role in formulating the NAIC advertising rules.

The first evening there was an informal forum on the NAIC advertising rules by a panel of experts who worked with or on drafting committees. With Ardell T. Everett, Prudential, as moderator, participants were Milton A. Ellis, Metropolitan; S. P. Hutchinson, Washington National; D. S. McNaughton, Prudential; J. W. Scherr Jr., Inter-Ocean, and Mr. Pansing.

Mr. Neal in his talk cautioned that a change in the economic condition of the country could bring a greater demand for government intervention into medicine and insurance than ever before. "There is considered opinion that this demand does lie just below the surface," he said. He suggested such intervention can be forestalled through education of the public.

When the government cites "lack of health insurance coverage," Mr. Neal said the reference primarily is to health insurance for the older ages and substandard risks and major medical costs. "These are the areas to which we must address ourselves if we are to explore and find the satisfactory solutions without governmental interference."

Mr. Pansing ascribed most of the troubles of the A&S industry to misunderstanding by the general public of the basic nature of the typical A&S contract, particularly as to coverage

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## NAIA MIDYEAR

### Complete Agenda for State Directors at Hartford April 23-25

Compulsory automobile insurance, flood indemnification, and direct writer competition in the dwelling field are among the topics scheduled for discussion by the executive committee of National Assn. of Insurance Agents at its meeting prior to the midyear meeting of National Board of State Directors, April 22-25 at the Statler hotel in Hartford. Registration for the meeting, which is being held in conjunction with Eastern Agents Conference, will open April 22.

Robert E. Battles, Los Angeles, vice-president of NAIA and chairman of the executive committee, urges members to arrive early and sit in on meetings of his group starting April 19.

Among other subjects on the executive committee agenda are public relations and advertising, mortgage treatment of homeowners policies, improper classification by finance insurers, licensing of company employees as agents and taxation of insurance agents' commissions.

The complete program is:  
Report of finance committee, Charles S. McNew Jr. of Pine Bluff.

Taxation of insurance agents' commissions, George S. Hanson, general counsel of NAIA.

Report of the Washington office, Maurice G. Herndon, Washington, D. C., NAIA representative.

Report of the special automobile committee and discussion of compulsory automobile insurance, Joseph A. Neumann of Jamaica, N. Y.

Report of public relations committee, John C. Stott of Norwith, N. Y.

Report of NAIC meeting in New York City, Archie M. Slawsky of Nashua, N. H.

Report of property insurance committee, including flood insurance and package policies, H. Earl Munz of Paterson, N. J.

Report of educational committee, Ernest F. Young, Charlotte, N. C.

Report of national councillor to the U. S. Chamber of Commerce, Walter M. Sheldon of Chicago.

"Free" accident insurance, Morton V. V. White of Allentown, Pa.

Licensing of company employees as agents, Mr. Slawsky.

Alien government owned or controlled insurance companies-Saskatchewan Guarantee & Fidelity, Everett North of Billings, Mont.

Improper classification by auto finance insurers by Mr. White.

NAIA field representatives, W. F. Grandy of Sioux City, Ia.

Extension of Factory Insurance Association facilities, Mr. Munz.

Reports of territorial conferences: Eastern, Warren A. Bodwell of Manchester, N. H.; far west, Harry W. Poulson of Boise, Ida.; midwest, Leroy D. Engberg of St. Paul; Rocky mountain, Jerry Haggard of Albuquerque;

## Midwest Storm Losses to Top \$16 Million

While there have been estimates as high as \$25 million for losses resulting from tornadoes, hail and high winds which struck a 13-state midwest area April 1-7, indications are that property losses will be closer to \$16 million.

Grand Rapids, Mich., and the surrounding suburban area were hardest hit with the total losses expected to reach more than \$6 million. The number of losses has been estimated at 2,000 with an expected average of \$3,000. The largest individual reported loss in the area was \$250,000 and there was one which may reach \$100,000. There are several serious dwelling losses of \$12,000-\$15,000 in the Comstock Park area and many \$2,000-\$3,000 dwelling losses. Extensive losses were reported at Hudsonville and at a Grand Rapids shopping center known as Standale. Western Adjustment has set up a storm office at Comstock Park and Underwriters Adjusting opened a storm office at Grand Rapids. National Board has assigned catastrophe number 73 to storms in the Grand Rapids and western Michigan area.

Hail at Topeka and El Dorado, Kan., followed by a tornado at Topeka should bring total losses in the state to 25,000 averaging \$200. National Board has assigned catastrophe number 72 to storms in Topeka and eastern Kansas. Western Adjustment has storm offices in both cities and Underwriters Adjusting has a storm office at Topeka.

Tornadoes and 60-80 mph winds in Iowa early in the week, followed by additional storms later that week, resulted in an estimated 20,000 losses averaging \$50. Cedar Rapids and Marshalltown were hardest hit. Western Adjustment has set up storm offices in both cities and Underwriters Adjusting has opened a storm office at Cedar Rapids.

Total losses in Wisconsin have been estimated at \$250,000 and include individual losses of \$50,000 and \$100,000. Damage was primarily confined to the Berlin and Bancroft areas. The total number of losses was estimated at 100.

Estimated losses in other states in the area, all expected to average \$40, are: 15,000 in Illinois; 8,000 in Missouri; 4,000 in Indiana; 1,000 in Nebraska, and 1,000 in Kentucky.

Reports indicate that mutual companies have their largest number of losses as a result of the storm in the states of Michigan and Iowa.

Severe wind losses were also reported in Tennessee, Arkansas and Mississippi.

Losses as a result of tornadoes, hail

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southern, Hayne P. Glover of Greenville, S. C.

Report of committee to review minutes of the executive committee, Frederick J. England of Cambridge, Mass.

Report of resolutions committee, Paul H. Jones of Tucson, Ariz.

## Gescheidler Named Chairman of NAIA Midwest Conference

**Some 800 Attend Sessions; Hopkins and Moran Named to Vice-Chairman Posts**

By E. L. RONEY

ST. PAUL—H. J. Gescheidler Jr., Hammond, Ind., was elected chairman of the Midwest Territorial Conference of National Assn. of Insurance Agents



L. D. Engberg



H. J. Gescheidler Jr.

here Tuesday. With 800 at the closing dinner, the meeting, sparked by L. D. Engberg, St. Paul, was a big success and drew animated crowds at every session.

B. W. Hopkins, Des Moines, moved up to 1st vice-chairman, and H. T. Moran, Oklahoma City, was elected 2nd vice-chairman. The 1957 meeting will

Resolutions on Page 6

be at French Lick, Ind. March 24-26, with H. E. McClain, secretary, Indiana Assn. of Insurance Agents, as director of activities. Tentative plans call for meeting in Des Moines in 1958 and Oklahoma City in 1959.

Mr. Gescheidler is vice-president of the Hammond National Co. of which his father is president. He is a past-



H. E. McClain



B. W. Hopkins

president of the Indiana association, has been active in the midwest conference since it was established in 1950.

The commercial block policy is a step in the right direction despite any imperfections it now has and its advantages are largely on the side of the agent, delegates were told Monday. This was the verdict of a panel made up of managing general agents but a question and answer period that followed indicated that some of the agents were a little skeptical on some points.

After members of the panel gave

(CONTINUED ON PAGE 24)

## Two Okla. Agent Groups Accused of Unfair Advertising

On the complaint of members of Mutual Insurance Agents Assn. of Oklahoma, Commissioner Hunt has scheduled hearings for May 7 and June 15 at which stock company agents in Claremore and Cushing will be asked to show cause why they should not cease and desist advertising in alleged violation of the state's new unfair competition and practices act.

On Oct. 30, six stock agents at Claremore published a full page advertisement reproducing a news story about a Texas court order assessing policyholders of Pioneer Western Mutual, but deleted the name of the company. The mutual agents say that although Pioneer Western Mutual issued only assessable policies, there is much comment about the possibility of being assessed on a non-assessable policy, insinuations are made that mutual companies are not carefully managed and are not subject to strict supervision by law, and that mutual agents prey on the public by mis-representing assessability of policies.

Eight stock company agents in Cushing published a quarter page advertisement Feb. 24 which reproduced another story about the assessments against policyholders of Pioneer Western Mutual but including the company name. The mutual agents say comments and insinuations similar to those made by agents in Claremore were made in Cushing.

Commissioner Hunt has issued an order for the Claremore agents to appear June 15 and show cause why the

cease and desist order should not be issued against them, and the Cushing agents will appear for a show cause order May 7.

Byrne A. Bowman of Oklahoma City and Garfield Brown of Chicago, both of whom are counsel of American Mutual Alliance, are acting as attorneys for the mutual agents.

## Mass. House Accepts Censure of Humphreys

The Massachusetts house has accepted a rules committee report criticizing Commissioner Humphreys for calling Rep. Canavan, Revere, an undercover spokesman for Allstate.

At a public hearing last October on tentative compulsory auto insurance rates for 1956, Mr. Humphreys attacked Mr. Canavan, sponsor of a bill which would permit insurance companies to sell auto insurance at a deviation from the rate set by the insurance department. He said that Allstate desired to sell in Massachusetts and "skim the cream" off the auto insurance business and that Rep. Canavan was their undercover spokesman. Mr. Canavan was a member of a special bi-partisan committee to investigate auto insurance rates.

Mr. Canavan subsequently requested the rules committee to investigate Humphreys' charges.

## Ill. Brokers to Hear Even

John T. Even, executive assistant of W. A. Alexander & Co., will address the quarterly meeting and luncheon of Insurance Brokers Assn. of Illinois April 19. He will discuss selling approaches for new forms such as block coverages where entirely new insurance concepts must be put across to the prospect.

Guarantee of Los Angeles has amended its Alaska license in order to write multiple line. The company is represented by the Preferred agency, E. H. Jones president.

## McCULLOUGH MADE V-P

## Smith Continental Casualty President; Tuchbreiter Moves Up

Roy Tuchbreiter, president of Continental Casualty and Continental Assurance, has been named to the newly created position of chairman and chief executive officer of both companies.



J. M. Smith

vice-president to president of Continental Assurance.

Stockholders approved an increase in Continental Casualty capital from \$10 million to \$12.5 million through transfer of \$2.5 million from surplus to capital and issuance of 500,000 shares of additional common, to be distributed in the ratio of one share for each four held. The capital of Continental Assurance will be increased from \$6.5 million to \$8 million, also through transfer from surplus and the issuance of 300,000 additional common shares in the ratio of three for each 13 held.

Frank V. McCullough, assistant to the president, was promoted to vice-president with responsibility for production of business. Named to the Continental Casualty board were Joseph D. Stockton, vice-president of Illinois Bell Telephone Co.; Bowen Blair, William Blair & Co., securities firm, and Robert D. Stuart Jr., vice-president of Quaker Oats Co.

Mr. Smith's is an "office boy to president" career. He never worked for any other company. He joined Continental Casualty in 1925 and served successively as agency secretary, assistant manager of the Chicago A&S branch, assistant superintendent of the disability division, superintendent of agents

for the disability division, vice-president of A&S agency operations, 2nd vice-president and 1st vice-president. Mr. Tuchbreiter started in the busi-



F. V. McCullough



Roy Tuchbreiter

ness in 1910 as an office boy for a Chicago general agent. He served with Hartford Accident, London & Lancashire Indemnity and Fidelity & Deposit before going with Continental Casualty in 1916. He was named 1st vice-president of Continental Casualty in 1940, president of Continental Casualty and 1st vice-president of Continental Assurance in 1943 and president of Continental Assurance in 1945.

Starting with Continental in 1945, Mr. McCullough became west coast supervisor for two divisions in 1948. He was transferred to the home office in 1950, becoming assistant to the president last year.

## Ill. Department Asks Quick Action for Truckers

The Illinois department has sent a letter to companies asking that certificates of insurance required by Illinois commerce commission for motor vehicle carriers for hire be forwarded promptly to the commission. The letter says absence of such a certificate compels the commission to withdraw the permit until the motor carrier can meet requirements. The letter was written at the request of the chairman of the commerce commission.

## Tenn. Town Ordered to Halt Outside Fire Runs

Mayor Farrar of Tallahona, Tenn., has been instructed by Tennessee Inspection Bureau to discontinue all fire equipment runs outside of the city or have fire insurance rates increased. The town is the site of the U.S. air force's \$100 million wind propulsion tunnel.

## Insurance and Reinsurance

for experienced attention

use a STEWART, SMITH office

CHICAGO Board of Trade Bldg., Chicago 4

NEW YORK 116 John Street, New York 38

PHILADELPHIA Public Ledger Bldg., Philadelphia 6

BIRMINGHAM Frank Nelson Bldg., Birmingham

MONTREAL Sun Life Bldg., Montreal 2

TORONTO 897 Bay Street, Toronto 5

LONDON 1 Seething Lane, London E. C. 3



For Brokers • Agents • Companies

always at your service

Around the Clock

## Highlights of the Week's News

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**You can discuss your insurance problems with the officers of this company. . . .**

**A company with quality, integrity and friendliness.**

**PROVIDENCE WASHINGTON INSURANCE CO.**

**PROVIDENCE WASHINGTON INDEMNITY CO.**

20 WASHINGTON PLACE-PROVIDENCE, R. I.



## Hike in Premium Tax Highlights Ky. Insurance Report

The joint legislative committee of the Kentucky house and senate, which has been investigating the insurance department and the insurance situation in general, has released its report. There are six findings plus a number of recommendations including a proposal to raise the state premium tax. The tax suggestion came as somewhat of a surprise.

The increased tax would apply to all premiums, taking in the previously exempt domestic life companies, and would be at the rate of 3% instead of the present 2%. Chairman Leon Shaikun estimated the increase would produce an additional \$2 million in state revenue. The plan is advocated by Gov. Chandler, who is searching hard for new tax revenue.

The committee report was filed with the senate shortly before adjournment. Early in January, Gov. Chandler had appointed the committee to investigate the affairs, activities and management of the department and to determine the cause of several insurance failures effecting Kentucky policyholders.

The committee made these findings:

1. No foreign companies doing business in Kentucky have been admitted without proper investigation by the department.
  2. Insurers doing business in Kentucky are in general operating on a sound financial basis.
  3. Many Texas companies are unsound and "great care and intensive investigation should be taken before any Texas company is admitted to do business within their state."
  4. No evidence of wrongful conduct on the part of the department or any of its employees was discovered by the committee during its investigation.
  5. No competent evidence was found to show that any Kentucky public official brought political pressure to bear on the department to "preclude the department from performing its duties in compliance with the insurance laws of this state." This refers chiefly to the allegations in a suit filed by the receiver of General American Casualty of San Antonio in which he seeks \$6 million from a number of officers of General American and other persons, charging, among other things, that members of the examining staff of the Texas department were aware of the insolvent condition of General American before it went broke.
  6. It is impossible for the committee to pinpoint the basic causes of the failure of Louisville F.&M. and its successor, Inland Empire. The operations of these companies were complex, the report says, extending into several states. Capitalization and management were vested in various groups and individuals beyond the jurisdiction of the committee. It is recommended that further investigation of the cause of the failure of these companies be made by proper authorities, without specification as to what authority this should be.
- In its recommendations, the committee suggested, in addition to the increase in premium tax, that there be an insolvency law enacted under which a percentage of premiums (not over a fraction of 1%) be placed in a pool and used to reimburse policyholders when a company goes bankrupt.
- Other recommendations were:
1. A foreign or alien company should

## Ask Compulsory Veto, Governor Indicates He Will Sign Bill

Several organizations, including National Assn. of Insurance Agents, National Assn. of Independent Insurers, and New York City Insurance Agents Assn., have asked Gov. Harman to veto the compulsory automobile insurance bill passed by the legislature.

In a talk last week in Rochester, the governor indicated he will sign the bill, even though, he added, it will be necessary to go back to the legislature next year to get a fund to pay claims that the compulsory measure will not cover.

## Seaway Bonds to F.&D., Maryland Casualty

Fidelity & Deposit and Maryland Casualty originated the surety bond on one of the first U. S. contracts for actual construction on a portion of the St. Lawrence Seaway. It consists of a 50% performance bond and a \$2½ million payment bond. Others on the bond include American Re, General Re, Amsterdam Casualty and Aetna Casualty.

The contract was awarded to Morrison-Knudsen Co., Perini-Quebec Inc. and Walsh Construction Co. at their bid price as joint ventures of \$20,172,451 for construction of the Robinson Bay Lock on the U. S. Side of the St. Lawrence river.

## Humphreys Reappointed Mass. Commissioner

Gov. Herter has reappointed Joseph A. Humphreys Massachusetts insurance commissioner for a three-year term. His salary is \$12,500 a year.

## Newhouse & Hawley Opens Office at Indianapolis

Newhouse & Hawley, underwriting representatives at Chicago and New York for Lloyds, have opened an office at Indianapolis under the management of the Failing, Beal & Fisher general agency. The new Indiana surplus line law now permits Indiana agents to place business in non-admitted companies. The Indianapolis office of Newhouse & Hawley will specialize in excess and surplus insurance.

have a record of five years of successful operation in its own state before being admitted to Kentucky.

2. That \$500,000 be set as the minimum requirement of capital and surplus for new insurers.
3. That the budget of the insurance department be increased to provide for additional personnel. The 1956-57 budget is an increase of \$10,000 over the current year, in which the department is allowed \$359,520.
4. That the Kentucky legislature recommend a congressional investigation into whether the government should enact legislation governing insurance companies engaging in interstate commerce.

That the Kentucky department be required to approve all reinsurance contracts entered into by all companies doing business in Kentucky.

That the U. S. Attorney General investigate the operations of Stewart Hopps and Lowell Birrell, and "more particularly an alleged criminal conspiracy in violation of the federal laws entered into by them and other individuals."

## Leslie Lowry Sentenced to Seven Years on Perjury Charges

Leslie Lowry, one of the organizers of the defunct Texas Fire of Ennis, has been convicted of perjury in reports to the insurance department in connection with establishment of the company, and has been sentenced to seven years in jail. Identical charges are waiting trial against his brother, Paul Lowry, and D. H. O'Fiel, a Beaumont attorney.

The Lowrys were the promoters of three Texas companies that went into receivership in 1953 and 1954, the most notorious of which was the Texas Mutual of Beaumont. This touched off the first of the Texas insurance scandals and produced a highly significant case on the assessability of non-assessable policies.

The perjury indictments against the Lowrys and O'Fiel stem from a statement filed with the insurance department showing \$100,000 capital and \$50,000 surplus for Texas Fire. The state charges that most of this money was returned to its "rightful owners" shortly after Texas Fire was organized.

Leslie Lowry is a former mayor of Beaumont and more recently has been teaching school in Kansas. He pleaded not guilty to the charges, and, it is understood, intends to appeal the conviction.

## Rocky Mountain AR Plans Report

Colorado, New Mexico and Wyoming automobile assigned risk plans, all of which are managed by R. W. Shurtleff, have reported on 1955 operations and levied assessments for 1956.

In Colorado, 2,776 new applications were received last year and 2,463 renewals were handled. Of the total 5,239 applications, 4,710 were assigned, 81 were rejected by the plan, 73 by companies and 375 policies were not taken by applicant. There were 64 appeals, the governing committee sustaining 26 rejections and overruling 28.

Leading automobile BI writers in Colorado last year were State Farm Mutual (\$937,597), Farmers Exchange, U.S.F.&G., Travelers Indemnity and Truck Exchange.

The New Mexico plan received 965 new applications and 521 renewals last year, issuing 1,324 policies. Twenty-seven applications were rejected by the plan, 14 by the companies and 121 were not taken by applicant. There were eight appeals, of which four rejections were sustained and three were overruled.

State Farm Mutual Auto was the leading auto BI writer in New Mexico (\$449,478), followed by Farmers Exchange, Western Farm Bureau Mutual, Fireman's Fund Indemnity and Maryland Casualty.

In Wyoming, there were 1,908 applications, of which 1,020 were new and 888 renewal. A total of 1,746 policies were issued and 47 applications were rejected by the plan, 24 by the companies, and 91 were not taken. Of the eight appeals, four rejections were sustained and three were overruled.

The leading BI writer in Wyoming was State Farm Mutual Auto (\$432,770), followed by Iowa Home Mutual Casualty, Farmers Exchange, Hawkeye-Security and Agricultural Indemnity.

Harry J. Couillard has sold his Seattle local agency to Dexter Whittle Co. and is now associated with Dexter Whittle in the operation of the combined agencies in the Dexter Horton building.

## Mowatt Discusses Output Policy at Midwest Meeting

ST. PAUL—A surprising turnout of over 75 participated in a discussion of the manufacturers output policy at the metropolitan agents breakfast at Midwest Territorial Conference of National Assn. of Insurance Agents here Tuesday. J. L. Mowatt, Park Ridge, agency superintendent of Aetna Fire was the featured speaker. He discussed the contract and answered many questions from the floor.

A. M. O'Connell, Cincinnati, NAIA executive committee member presided and J. C. O'Connor, Cincinnati, executive editor *Fire Casualty & Surety Bulletins* introduced the subject, outlining the development of package policies and pointing out that the present confusion of insurance men is not essentially different from what existed when automobile comprehensive physical damage, personal property floater and other broadened coverages were introduced.

Mr. Mowatt emphasized that the output policy is restricted to manufacturing risks, provides all risk coverage on personal property away from manufacturing premises, is a continuous contract, on a reporting basis and with an annual minimum premium of \$5,000. While necessarily restricted to large risks there are prospects in every substantial insurance office. The broad features of the contract such as the absence of an honesty or coinsurance clause, make close underwriting essential and each risk is carefully considered individually.

In answer to a question, Mr. Mowatt explained that monthly reports of values are in lump sums only, detailed reports by location being required only once a year. Deductibles he said, are not mandatory but are encouraged by liberal rate credits. There were several questions about the definition of manufacturing premises and Mr. Mowatt explained that property in warehouses and the like on the same site as factory operations may be covered by endorsement if the insured's records support a clear distinction between property in the different buildings or fire division. Flood damage at fixed locations may be covered to a maximum limit of \$150,000. The contract is approved in all states in Western Underwriters Assn. territory except Missouri. Up to now, Mr. Mowatt said in answer to another question, it has been written exclusively by stock companies but Associated Factory Mutuals have recently subscribed to Multiple Peril Insurance Rating Organization for output cover.

## CORRECTION

Three of the 18 insurers who reimbursed Chase Manhattan bank for a \$1 million U.S. Treasury note, missing from the bank files, were inadvertently omitted from the list in the March 29 issue. The complete list of sureties on the loss is Aetna Casualty, Aetna Fire, American Employers, American Surety, Columbia Casualty, Fidelity & Casualty, Fidelity & Deposit, Great American, Hartford Accident, Home Indemnity, North America Indemnity, Lumbermens Mutual Casualty, Maryland Casualty, National Surety, New Amsterdam, Royal Indemnity, Travelers Indemnity and U.S.F.&G.

Raymond E. Crews Jr. has been made partner in the W. B. Johnson & Co. agency of Kansas City.

## Cochran to Fill Out Sisk's Term as Head of Casualty Agents

Paul Sisk of Tulsa has resigned as president of the National Assn. of Casualty & Surety Agents because of ill health. The executive committee has advanced vice-president Edward Cochran of Hagerstown, Md., to complete Mr. Sisk's term.

## Walsh Sr. Chairman of New Ill. Truck Insurer

In identifying the officers last week of Mid-Union Indemnity of Elgin, Ill., the new direct writing stock company specializing in truck and transportation risks, Harry L. Walsh Sr. was incorrectly identified as vice-president. Mr. Walsh, who is head of the Walsh agency of Elgin, will be chairman of the board of Mid-Union and will continue to operate his agency. Harry L. Walsh Jr. will be executive vice-president of Mid-Union Indemnity and a director.

Claude M. Hamlin, who has been

with All American Casualty of Chicago, will be a vice-president of Mid-Union.

Keith W. Stewart, former agency director in the eastern division of All American Casualty, is a co-founder and president of Mid-Union Indemnity.

## Insurers Ask Va. Hikes in Fruit, Tobacco Cover

Crop insurers have asked Virginia corporation commission for higher hail rates on tobacco in eight counties and on tree fruit crops in four counties. Claims exceeded premiums collected last year.

Virginia Horticultural Society opposed the increases, which would range from \$1 to \$3 per \$100 on fruit and from 25 cents to \$1.25 per 100 on tobacco. Present premiums on fruit range from \$5 to \$10 and on tobacco from \$3 to \$8. Premiums in other counties would remain the same or be reduced under the proposal.

## Union Auto Names Schmitt

Union Automobile Indemnity of Bloomington, Ill., has appointed Robert F. Schmitt special agent in Illinois with headquarters in Rockford.

## Problems in ML Will Grow, Yount Says at Chicago

More than 200 mutual company underwriters and engineers attended the annual Fire Insurance Conference sponsored by Federation of Mutual Fire Insurance Companies, in cooperation with Assn. of Mutual Fire Insurance Engineers at Chicago last week.

Changes from the spread of multiple-line operation, with property insurers entering casualty fields and vice versa, were a principal topic of discussion. Other topics included new developments in construction materials and techniques, flood and wave-wash losses, and changes in moral hazard.

Problems involved in ML operation are going to grow in importance rather than diminish, asserted H. W. Yount, vice-president Liberty Mutual, Boston, in discussing the multiple-line expert of the future. He held that the place of the ML underwriter in property-casualty is going to become more important. Insurers will be

forced to do a better job in selecting and training personnel for these more important posts. Whether basic training for multiple-line underwriting work begins in the property or casualty fields, underwriters must maintain a respect for the importance of the things they do not know.

The property insurance underwriter must realize that liability portions of the ML contracts he is beginning to handle are not merely incidental, and the underwriter experienced in the liability lines must realize that the property lines have their own special importance. Mr. Yount contended that the job of the multiple-line underwriter will come to be one of the most challenging in the business, requiring familiarity with all phases of insurance from production through loss prevention and loss adjustment.

The point of view of the casualty claims man under multiple-line policies such as the homeowners' coverages was outlined by H. J. Schroeder, vice-president in charge of claims for Hardware Mutuals. He said that claims men welcome the package policy, but that it will be helpful to them if underwriters promote adequate liability limits for purchasers of such policies. It is less likely that insurers will become involved in suits by policyholders when verdicts exceed policy limits if reasonably adequate limits are purchased, especially since the extra cost is a small burden on the policyholder and gives the insurance company a chance to improve both its loss and expense ratios on the package.

"A single limit poses another problem for the claims man," he said. "When a loss involves both bodily injury liability and property damage liability, the PDL part of the claim is usually ready for settlement earlier than the BI claims. If BI claims are of serious type a long convalescence may be involved and the claimants may not be ready to discuss settlement for many months. The owner of the property damaged may not have suffered any bodily injury and wants prompt payment of his loss. The insured who has inadequate limits wants BI claims with their uncertain potentialities taken care of before his limits are invaded by payment of the property damage with its less serious consequences and its greater possibilities for exact measurement without danger of a surprise shock verdict. If you hold off the property damage claimant he will complain. The best answer is reasonably adequate limits. Another problem involved in handling liability claims under the package policy arises

(CONTINUED ON PAGE 28)

## Brokers' tip

Insurance brokers, William Chapman, seated at the left, and William Irwin (standing), of 602 N.W. 27th Avenue, Miami, Florida, have a tip for you:

"If you handle all General Lines as we do, you'll find Prudential Brokerage service a boon to your business. Here in Miami many of our customers ask us to handle their life insurance needs too — and that's where Prudential comes in. Through their prompt and efficient service we've been able to close many a life sale without neglecting our general insurance activities. And even with all of Prudential's help, we still get the full commission.

"Incidentally, the gentleman shown here with us is our good friend, Henry Shor — Prudential's Brokerage Manager in Miami."



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NU 43

I want to know more about Prudential's BROKERAGE SERVICE and how it will make LIFE sales easier for me.

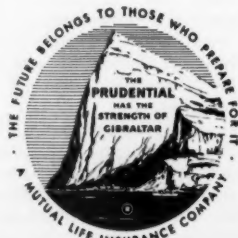
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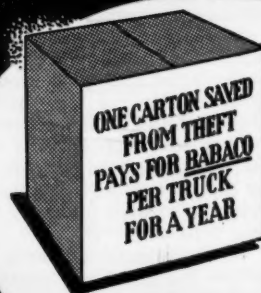
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## Optimism and Positive Approach to Industry Problems Keynote Chicago I-Day

By CHARLES L. MANNING

An optimistic view of the future of the insurance industry in Chicago and a positive approach to industry problems provided a unifying theme for Chicago's annual Insurance Day last week.

More than 800 producers attended the sessions which began with a luncheon presided over by Lawrence R. Fisher, vice-president of the Rockwood Co. and vice-president and I-Day committee chairman of Chicago Board of Underwriters.

An expression of exuberant confidence in the future of the American economy, freely-tossed cigars and liberal doses of humor by Gene Flack, director of advertising for Sunshine Biscuits, provided an inspirational and entertaining start for the day's speeches.

Conrad W. Olson, former Allstate agent at Jamestown, N.Y., who now has his own agency there, outlined the strong and weak points of Allstate in order to help agents meet competition by direct writers. "Allstate's strength lies not in its price but in the work habits of the Allstate agent. The company really drives agents," he said. "If the local agent worked as hard as Allstate agents, they would get plenty of business."

In answer to questions, Mr. Olson charged Allstate was slow in settlements, that some of its rates are higher than manual rates depending on usage of the auto and that Allstate paid a 15% commission on new business and 6½% on renewals. He said renewals are handled directly by branch offices and an agent's business reverts to the company when he quits.

The development of true package policies such as the comprehensive dealer form will gradually sound the death knell of line by line selling, according to John T. Even, executive assistant of W. A. Alexander & Co. For the dealer it provides insurance through a single form which will cover all types of property on an all-risk basis wherever the property may be. And for the producer, it offers the first real opportunity for account selling in this category.

"The agent is now faced with the necessity of selective marketing," he said. "The public is sold on the virtue and necessity for basic coverages, but must now be convinced that its in-

terests are better served by the all-risk or package type policy. Along with this, goes the necessity for selling the idea that it is far better to place one's insurance in the hands of one capable agent rather than to fractionalize the various lines in the hands of several agents.

Mr. Even described the comprehen-

sive dealer's policies as they are written in the Chicago area. He said six companies now write the coverage in Illinois.

E. A. Porter, vice-president of Marsh & McLennan, urged agents, brokers and companies to begin making plans for the new business which will result from improvements in the facilities of the port of Chicago.

"The first thought that comes to everyone's mind is marine insurance," he said, "but I am certain that the non-marine premiums will far outweigh the marine premiums resulting direct-

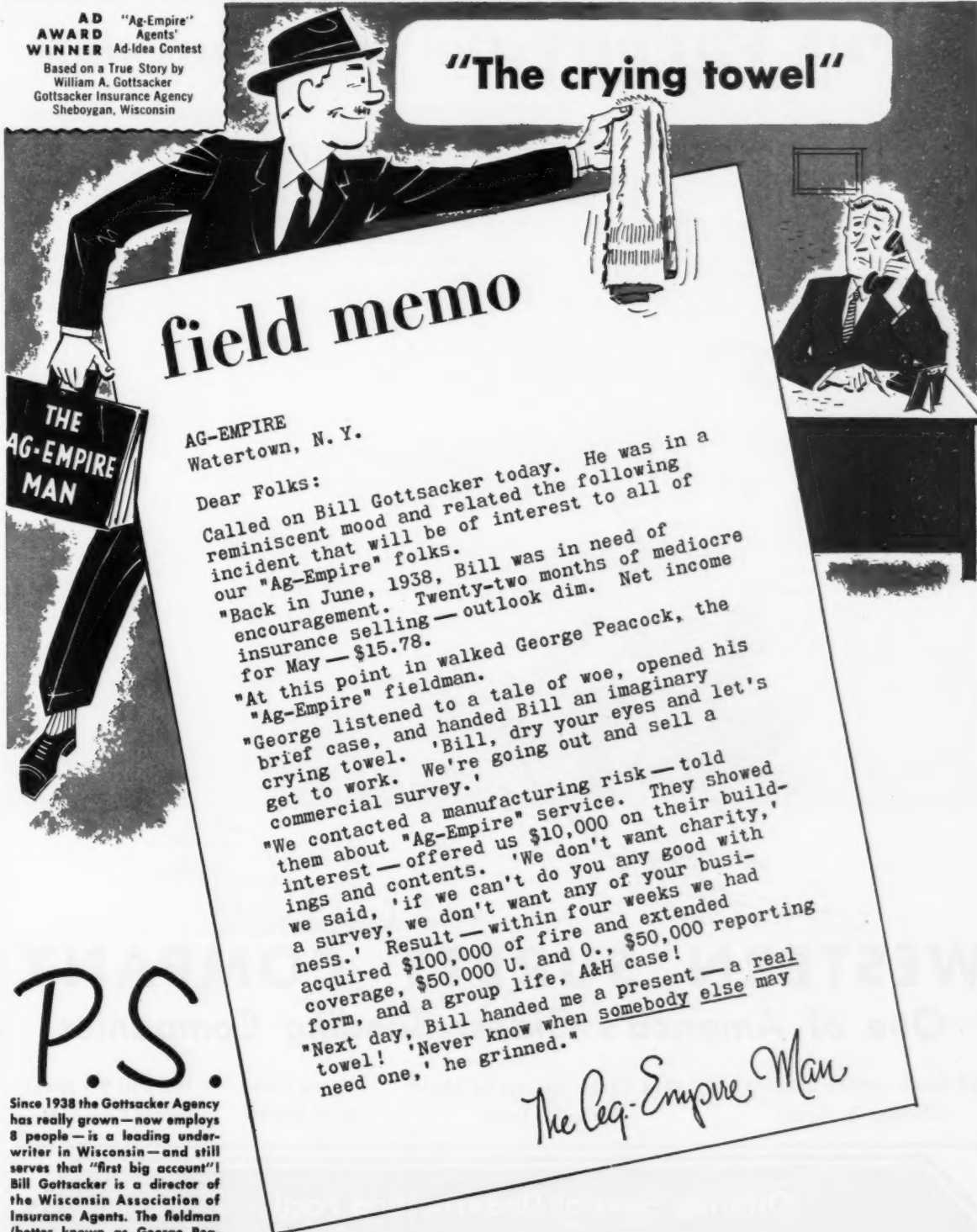
ly and indirectly from improved facilities of the port."

He pointed out that completion of the St. Lawrence seaway, Calumet-Sag channel developments and the Lake Calumet harbor project will attract new industries to Chicago. "New plant construction, machinery and equipment will account for billions of dollars of additional insurable values. There will be substantial increases in premiums for fire, workmen's compensation, general liability and other lines connected with industry as well as an

(CONTINUED ON PAGE 19)

AD  
AWARD  
WINNER "Ag-Empire"  
Agents' Ad-Idea Contest

Based on a True Story by  
William A. Gottsacker  
Gottsacker Insurance Agency  
Sheboygan, Wisconsin



**"The crying towel"**

**field memo**

AG-EMPIRE  
Watertown, N. Y.

Dear Folks:

Called on Bill Gottsacker today. He was in a reminiscent mood and related the following incident that will be of interest to all of our "Ag-Empire" folks.

"Back in June, 1938, Bill was in need of encouragement. Twenty-two months of mediocre insurance selling — outlook dim. Net income for May — \$15.78.

"At this point in walked George Peacock, the "Ag-Empire" fieldman.

"George listened to a tale of woe, opened his brief case, and handed Bill an imaginary crying towel. 'Bill, dry your eyes and let's get to work. We're going out and sell a commercial survey.'

"We contacted a manufacturing risk — told them about "Ag-Empire" service. They showed interest — offered us \$10,000 on their buildings and contents. 'We don't want charity,' we said, 'if we can't do you any good with a survey, we don't want any of your business.' Result — within four weeks we had acquired \$100,000 of fire and extended coverage, \$50,000 U. and O., \$50,000 reporting form, and a group life, A&H case!

"Next day, Bill handed me a present — a real towel! 'Never know when somebody else may need one,' he grinned."

*The Ag-Empire Man*

P.S.

Since 1938 the Gottsacker Agency has really grown — now employs 8 people — is a leading underwriter in Wisconsin — and still serves that "first big account"! Bill Gottsacker is a director of the Wisconsin Association of Insurance Agents. The fieldman (better known as George Peacock) is now a V. P. at "Ag-Empire" — proving that agents and fieldmen really help each other!

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Leading American Companies**

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Friendly  
Folks

**Empire State**  
Insurance Company  
of Watertown, N.Y.

## NAIA Midwest Conference Opposes Free Auto Insurance

ST. PAUL—The midwest territorial conference went on record Tuesday as opposed to the "free" or "give away" insurance offered by two automobile firms and urged that the national board of state directors of National Assn. of Insurance Agents take steps to urge and assist the various state

associations to bring an end in their respective states to the advertising and supplying of "free" accident insurance to the purchasers of automobiles.

The conference also opposed the furnishing of markets to those companies operating competitively in a manner antagonistic to the principles of the American agency system.

The matter of unearned premium credit granted for existing policies in the writing of package policies and the manual short rate return was referred to the property insurance committee of the national association.

## Coast Executives Give Auto Problems Full Airing

LOS ANGELES—Automobile insurance problems were the chief matter of interest at the joint meeting of Pacific Insurance & Surety Conference and Pacific Coast Advisory Assn. at Santa Barbara last week. About 70 coast executives attended.

John T. Gurash, Meritplan, was elected president of the conference,

with Raymond L. Ellis, Fireman's Fund group, vice-president and John T. Blalock, Pacific Indemnity, secretary-treasurer. Directors, in addition to the officers, include Vernon C. Dargan, Gulf; Harold L. Baird, United Pacific; Hugo Methmann, Fireman's Fund group, and R. C. Herda, Pacific Indemnity.

Officers of the advisory association are: President, J. T. Blalock, Pacific Indemnity; vice-president, R. A. McGuire, Pacific Employers, and secretary-treasurer, J. E. McGuigan, National Automobile & Casualty. The governing committee is composed of the officers and Victor Montgomery, Pacific Automobile, and John Q. McClure, National Auto & Casualty.

The advisory association membership was expanded to include virtually all members of Pacific Insurance & Surety Conference. Results of the association's statistical studies were presented to both organizations, and the extent of what had been accomplished led to the expanded membership of the advisory body.

## PEPPY FREDDY, the fieldman, says:

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135 S. LaSalle St., Chicago, April 10, 1956

	Bid	Asked
Aetna Casualty .....	119	124
Aetna Fire .....	71½	72½
Aetna Life .....	194	197
Agricultural .....	35½	36½
American Equitable .....	38	39
American Auto .....	24½	25½
American, (N.J.) .....	29¼	30
American Motorists .....	14	15
American Surety .....	96½	98
Boston .....	37¾	38¾
Camden Fire .....	27¾	28½
Continental Casualty* .....	102½	104½
Crum & Forster com. ....	65½	67½
Federal .....	38	39
Fire Association .....	59½	61
Fireman's Fund .....	67½	69
Firemen's, (N.J.) .....	43½	45
General Reinsurance .....	49¼	51
Glens Falls .....	72	73½
Globe & Republic .....	24½	25½
Great American Fire .....	40	41
Hartford Fire .....	163	165
Hanover Fire .....	46½	47½
Home (N.Y.) .....	48½	49½
Ins. Co. of No. America .....	100	103
Maryland Casualty .....	35½	36
Mass. Bonding .....	42	43½
National Casualty .....	55	Bid
National Fire .....	104	107
National Union .....	43½	45
New Amsterdam Cas. ....	49½	51
New Hampshire .....	43	45
North River .....	39½	41
Ohio Casualty .....	98	Bid
Phoenix Conn. ....	80	82
Prov. Wash. ....	24	25
St. Paul F.&M. ....	58½	60
Security, Conn. ....	50	52
Springfield F.&M. ....	59	61
Standard Accident .....	52½	54
Travelers .....	78	79
U.S.F.&G. ....	61½	63
U.S. Fire .....	27½	28½

\*Ex-dividend.

## Mich. Legislature Adjourns

LANSING—Michigan legislators wound up their active session Saturday. Relatively little insurance legislation was passed with the exception of the huge recodification bill sponsored by the department and an all-industry committee.

In the closing minutes of the session, agreement finally was reached on a workmen's compensation amendatory bill which increases benefits according to average wages and number of dependents, from \$1 to \$15 weekly. The present 500-week limitation of total disability payments also is eliminated.

Lucile Aldridge of North British, San Francisco, was elected director of region VIII of National Assn. of Insurance Women at the regional convention in San Diego. She is a past-president of San Francisco Insurance Womens Assn.



## With Greater Need, Insurers, Reinsurers Learn More About Catastrophe Coverage

By J. A. DIEMAND JR.  
Vice-president

Insurance Company of North America

The windstorms of 1954 and the floods of 1955 as reflected in the reinsurance problems of 1956 have again borne out the fundamental axiom that catastrophe covers are the key to the property reinsurance business in the United States. Practically every company doing business in the northeastern states found its catastrophe covers heavily involved and called upon its reinsurers for substantial claims. As a result, these companies found themselves facing an unresponsive market insofar as catastrophe covers were concerned.

One very basic truth which has been reaffirmed as a result of the 1954 hurricanes is that there is no magic by which reinsurance can retrieve an insurance company from an impossible situation.

This concerns principally those companies which are territorially concentrated and which, in terms of extended coverage, have practically no spread at all. The results of these companies fit a standard pattern. When their business is good, it is very good; when the business is bad, it is horrible. And while in the bad year these companies are assisted somewhat by the recovery of gigantic sums from reinsurers, they are hard-pressed to obtain renewals and to pay for the renewals they can get.

There is apparently a failure on the part of such companies to realize that their good results are abnormal, and that a substantial amount of these earnings in the good years must be set aside for reinsurance if they expect to survive a bad year. Unfortunately, these companies have regarded their excellent interim results as normal, and distribute as little as possible to reinsurers and as much as possible to shareholders or policyholders as dividends.

Given a recurrence of the 1954 hurricanes within the next three to four years, these companies will have to revise their programs radically. Some are doing so already.

In general, these companies found that there was no serious problem in connection with their pro rata treaties. Their existing markets were perfectly happy to continue, even though at rather generous commission terms, but the pro rata treaty reinsurers were not

much inclined to accept their catastrophe covers. By corollary, reinsurers who were willing to accept catastrophe covers insisted on having a reasonable share in the pro rata treaties at terms somewhat less generous than those offered by the pro rata treaty specialists.

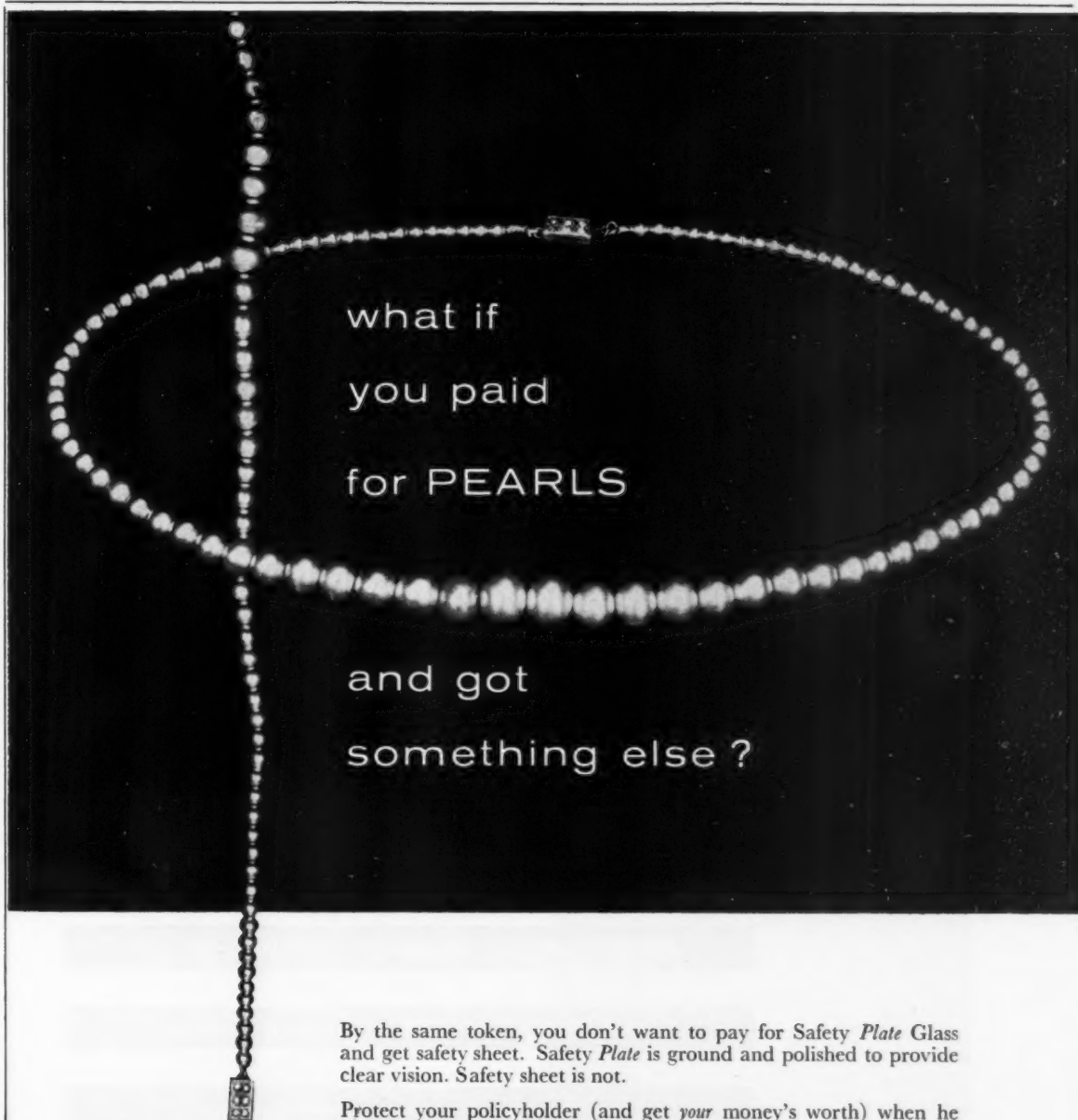
It is obvious that the root of this

condition is the fact that catastrophe reinsurance, as it is presently practiced, will not stand on its own feet. Premiums collected over a reasonable period of time have not been sufficient to pay losses.

The manifestation of this condition is three-fold. First, there is a tendency for companies to seek the lowest possible loss retention so that their reinsurers become engaged very early in the loss and are often involved for losses which a well-managed company could have paid for from its own account without the benefit of reinsur-

ance. Second, there is a continuous pressure for higher and higher amounts of coverage, so that in some cases the amount of reinsurance recoverable exceeds the total of the company's net writings. This exposes the reinsurers potentially, and in many cases actually, for amounts which cannot be amortized even over a considerable period of years except at premiums which, to the ceding company, seem exorbitant. Third, there is an overwhelming weakness on the part of most buyers of reinsurance to in-

(CONTINUED ON PAGE 21)



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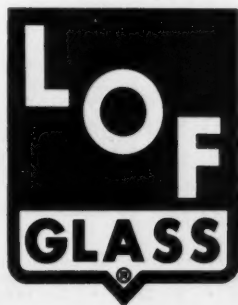
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## District Court of Appeal

## Insurer Wins Right to Notice in Cal. Appraisal Case

California district court of appeal, in an opinion filed April 3, upheld the right of an insurer to receive notice in an appraisal proceeding under a fire policy after the insured obtained a court appointment of an umpire without notice to the insurer. The court of

appeal a month earlier had issued an alternative writ of prohibition to protect the rights of the insurer pending a full hearing.

The case, *Caledonian vs superior court of Alameda county*, is one of the first appellate decisions interpreting the notice requirements of the appraisal provisions in a fire policy. Victor B. Levit of the San Francisco and Los Angeles insurance law firm of Long & Levit, represented Caledonian.

Caledonian issued a fire policy to Don C. Falloon, and Falloon subsequently had a loss and filed proof of

loss with the insurer. Caledonian gave notice to Falloon that it disagreed with the value of the property set forth in the proof and demanded appraisal in accordance with the provision in the policy saying:

"13. Appraisal. If the assured and the company fail to agree as to the amount of loss, each shall, on the written demand of either, made within 60 days after receipt of proof of loss by the company, select a competent and disinterested appraiser, and the appraisal shall be made at a reasonable time and place. The appraisers shall first select a competent and disinter-

ested umpire, and failing for 15 days to agree upon such umpire, then, on the request of the assured or the company, such umpire shall be selected by a judge of a court of record in the state in which such appraisal is pending."

Falloon designated an appraiser to whom Caledonian objected as not "disinterested." An impasse was reached, and no umpire was appointed within 15 days. Falloon then filed a petition with the clerk of superior court of Alameda county asking for appointment of an umpire. Without any notice to Caledonian, an order was signed by a judge of the Alameda superior court appointing an umpire, and this order was filed and entered in the office of the county clerk. When Caledonian got notice of this appointment, it went to the Alameda superior court to have the order vacated on the ground that it should have received notice, and that Alameda court was without jurisdiction to make such an appointment. This motion was denied, and Caledonian took the case to the district court of appeal.

In support of the action of the judge of the superior court in making the order without notice, it was argued that the appraisal provision does not call for judicial action but only for the personal action of any person who happens to hold any office of "judge of a court of record" in California. It was thus argued that Falloon might have secured selection of an umpire by any justice of the supreme court, any district court of appeal, a judge of a superior court or any municipal court. The court of appeal remarked: "This construction would result in the conclusion that both parties could simultaneously each procure the designation of an umpire, without notice to the other, by a different person who held the office of judge of some court of record, with the attendant necessary confusion of two umpires, each designated by a person qualified to do so under the terms of the contract. Any court would hesitate to so construe the contract unless such construction was clearly compelled by its plain language. A more reasonable construction would seem to be that in calling for action by 'a judge of a court of record' the contract intended a judicial order rather than a purely personal action."

The appeal court does not decide on the latter part of this question, however, because Falloon filed his petition with superior court of Alameda county and invoked judicial action of the court rather than personal action of the judge. In this way he bound himself to follow the established judicial procedure.

Whether the power to make such a judicial order as Falloon sought and obtained is attributable to a section of the civil code of procedure which authorizes a superior court to appoint an umpire, or whether the superior court acted under its general equity powers in making such an order, the appeal court said it is satisfied that to obtain jurisdiction of Caledonian, notice of the petition for appointment of an umpire must be given the insurer.

"That the order appointing an umpire effects the right of petitioner (Caledonian) is obvious," the appeal court said. "Because the (superior) court is proceeding without the jurisdiction of the person of petitioner (Caledonian), prohibition is a proper remedy."

Mrs. Clarice Peterson of Minneapolis was elected director of region V of National Assn. of Insurance Women at the regional convention in Des Moines, Ia.

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## Hartley Law on A

Dr. V. neurosuffering injury serious

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Philc Nam

Edm Foust been e Perrin reinsu sultan Mr. and is divisio E. Hea clerk Lloyds 1938. Mr. traine charg

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## Hartford Surgeon. Lawyers' Unit Clash on Award for Pain

Dr. William B. Scoville, Hartford neurosurgeon, stated that pain and suffering complaints in many personal injury lawsuits stem from an unconscious desire for financial gain.

In a talk at a medical-legal institute sponsored by the junior bar section of Connecticut Bar Assn., he said the evaluation of injuries is relatively simple. However, such evaluation is secondary to diagnosis of pain, mental anguish, aggravation, constitutional nervous weakness and risk of future epilepsy. Such symptoms can be explained by anxiety, emotional insecurity or unconscious financial motive as easily as by organic disease processes, he said.

Charles N. Segal, president of National Assn. of Compensation Claimants Attorneys, replied to Dr. Scoville's talk in a letter to newspapers. He wrote that the doctor was departing from the medical field and gravitating into fields of law and insurance, which he said are beyond the knowledge and obligations of physicians.

He stated that the emotional reaction to a personal injury depends on the circumstances of the injury and on the person injured. These emotional results and the pain that is suffered, real or imagined, come as much from the accident as the fractured skull or limb, he continued. Traumatic neurosis, such as the so-called phantom limb pain which follows amputation, can persist long after the legal case has been disposed of.

Answering the doctor's statement that the financial motive is so common in courts of today that it is primarily responsible for rising auto insurance costs, Mr. Segal pointed out that insurance premiums have risen along with the cost of everything else and insurer profits also have climbed. Also, he wrote, more than half of the claims paid by insurance companies are for property damage anyway.

## Philadelphia Firm Names Three V-Ps

Edmund L. Bidgood, George C. Foust Jr. and Charles D. Root Jr. have been elected vice-presidents of Towers, Perrin, Forster & Crosby, Philadelphia reinsurance and employee benefit consultants.

Mr. Bidgood joined the firm in 1942 and is supervisor of the reinsurance division. He entered insurance with C. E. Heath & Co. in London as a junior clerk and was a broker at London Lloyds before coming to the U.S. in 1938.

Mr. Foust joined the firm as a trainee-consultant in 1937. He is in charge of the group department and

has worked extensively with management on labor problems.

Mr. Root went with the firm in 1940 and is a consultant on employee benefit and pension plans.

## Homeowners' Courses at N. Y.

School of Insurance of Insurance Society of New York will start two new sections of its homeowners' policy course on April 23 for eight weeks. The classes will meet on Mondays and Thursdays. Theodore R. Shulz, assistant manager of the homeowners' division of Home, is instructor of both sections.

## Great American to Remodel New Home Office in New York

Great American has awarded a contract to Turner Construction Co. of New York for air conditioning and alteration work on its recently purchased building at 99 John street, New York. The company bought the 25-story structure from North America last summer and plans to use the first 12 floors for its new home office.

The first 12 floors of the building

will be completely air conditioned. Chilled water lines will be provided for the remainder of the building. The fifth floor will be remodeled to include executive suites and the fourth floor will be changed to provide a cafeteria and kitchen to serve 1,000 employees.

## Elect Courteny at Dallas, Ore.

Patrick Courteny has been elected president of Dallas (Ore.) Assn. of Insurance Agents. Victor G. Peterson is vice-president, and George Weenmark was re-elected secretary-treasurer.



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THE BRITISH AMERICA ASSURANCE CO., U. S. Branch Incorporated 1833

SOUTHERN FIRE INSURANCE CO., Durham, N. C. . . . . Incorporated 1923

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## Agenda Readied for Zone 5 Meet at Dallas, April 19-20

Zone 5 of National Assn. of Insurance Commissioners will hold its annual meeting at Dallas April 19-20.

Zone 5 commissioners who will attend are Combs of Arkansas, Beery of Colorado, Sullivan of Kansas, Apodaca of New Mexico, Hunt of Oklahoma, Taft of Wyoming, Pansing of Nebraska, and Saunders, Wentz and Brownlee, all of Texas.

In addition, because their states have problems common to zone 5 members, Commissioners Cravey of Georgia, Davis of Mississippi, Leggett of Missouri and Northington of Tennessee will attend.

A well-rounded program is expected to attract a full representation from the insurance industry. There will be an address by Gov. Shivers of Texas.

Speeches of interest to those in the property insurance field include: Milton W. Mays, secretary of America Fore, "Extended Coverage"; director

Pansing of Nebraska, "A Report on the A&H Advertising Problems and the Federal Trade Commission"; Vestal Lemmon, general manager of National Assn. of Independent Insurers, "Auto Insurance—Its Aches and Growth"; Porter Ellis of Dallas, president of Texas Assn. of Insurance Agents, "Graduated Rating Plan, Fire and EC for Dwellings"; Commissioner Saunders, "The Texas Story"; Fletcher N. Platt, Ford Motor Co., "What Automobile Manufacturers Are Doing to Make Vehicles Safer"; H. C. Pittman, chairman of Texas Industrial Accident Board, and P. B. Garrett, Dallas, president of Texas Bankers Assn.

### Ellis Addresses Texas Agents

Corsicana, Tex., Insurance Exchange had as guest speaker, Porter Ellis, president of Texas Assn. of Insurance Agents, who discussed the work of the association. Other association officers attending were Drex G. Foreman, Fort Worth, executive secretary, and Claude L. Webster, Fort Worth, assistant secretary. Gabe Goldberg, Corsicana local secretary, introduced the guests, and Mrs. Frances M. Cushman, Corsicana vice-president, presided.

## Great American Appoints Several New Officers

Richard A. Lydecker has been promoted from secretary to vice-president by Great American group. Allan W. Comrie has been appointed financial secretary and Robert S. Sillery was named assistant secretary of the group. Aloysius J. Weckerle was appointed secretary and Howard A. Schmidt, Richard D. Frisbee and Harlan Wyant were advanced to assistant secretaries of the fire companies. William C. Marrin was promoted to secretary and Frank R. Ebersbach was advanced to assistant secretary of Great American Indemnity. All officers are located at the home office except Mr. Wyant, who is at Chicago.

Mr. Lydecker entered insurance with Johnson & Higgins and later went with Providence Washington where he became assistant secretary in charge of inland marine. He joined Great American in 1953 as secretary in charge of inland marine operations and

in 1955 he joined Vice-president Ralph W. Lester in supervising the multiple line, general cover, agency engineering and special reports departments in addition to being executive supervisor of the inland marine department. He will continue in that capacity.

Mr. Comrie was formerly with Home as a security analyst. He joined Great American group in 1951 as security analyst of the investment department under the supervision of Vice-president John McMaster. With Mr. Comrie's appointment as financial secretary, he will be assistant to Mr. McMaster.

Mr. Schmidt joined the group in 1934 and received his training at the home office, specializing in inland marine. In 1940 he transferred to the Pacific department and in 1953 was named superintendent of inland marine there. In 1955 he returned to the home office as manager of inland marine and will continue in that capacity.

Mr. Frisbee went with the group in 1938 and spent several years in the fire underwriting and IM departments at the home office. After military service he became special agent in New York and later in Pennsylvania. In 1953 he was promoted to agency superintendent in charge of the middle department states at the home office.

Mr. Wyant joined Great American as adjuster in 1937 and later became special agent in Kansas and Colorado. Subsequently he became farm and hail state agent in Iowa, and in 1952 was named assistant manager of the farm and hail department at Chicago. He became manager of the department upon the retirement of T. G. Dahl, former secretary.

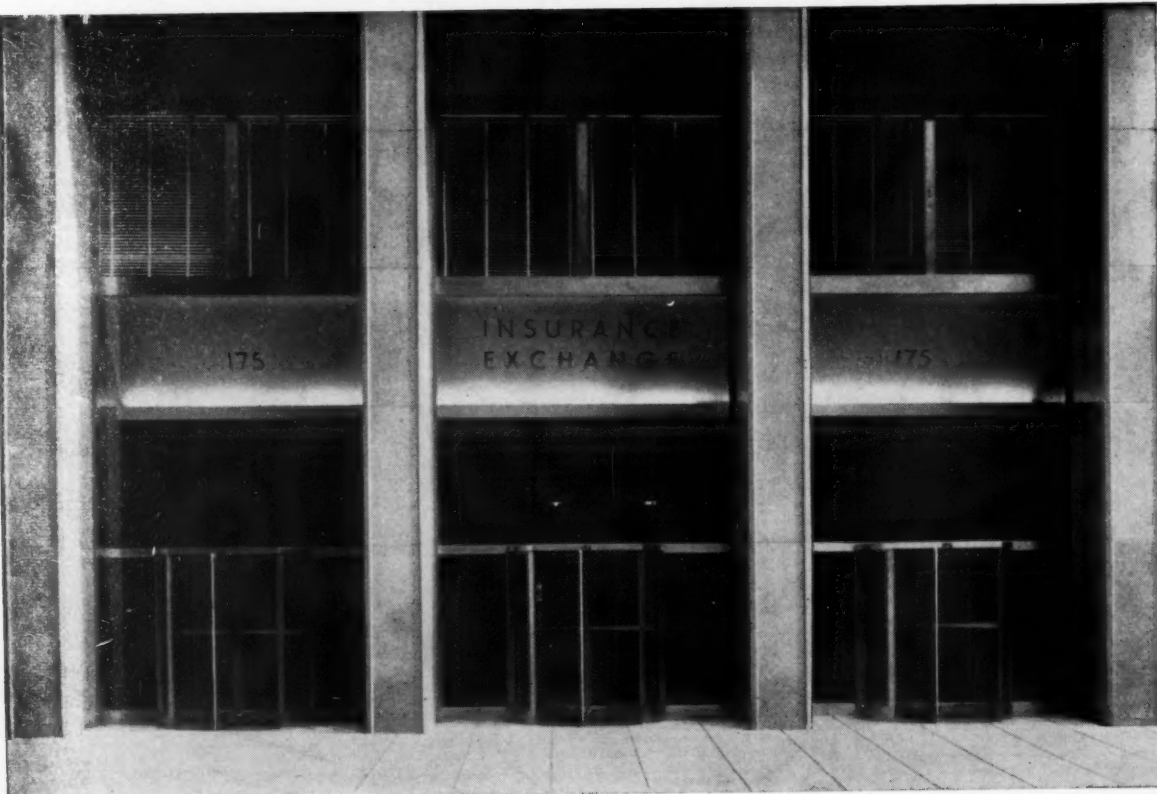
Mr. Weckerle went with the indemnity company in 1927 after seven years with the automobile department of National Bureau. In 1945 he was appointed secretary in charge of automobile underwriting. This year the automobile departments of all companies in the group will be combined under his administration.

Mr. Sillery joined the indemnity company in 1948 as special agent in New Jersey and later transferred to the automobile underwriting department in the home office. When the group automobile underwriting department is established, he will assist Mr. Weckerle.

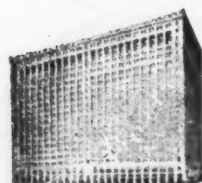
Mr. Marrin has had a long period of service with the organization, first in payroll auditing and later in the workmen's compensation and liability underwriting department. He is the administrative head of the newly instituted special risk department of the indemnity company.

Mr. Ebersbach joined the group in 1934 and, after working in Richmond, Va., transferred to the WC and liability underwriting department in the home office. He succeeds Mr. Marrin.

John L. Wentworth, who operated his own agency at Hartford, has joined the William J. Noel agency there as treasurer.



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## Block Situation Decried by Slawsby at N. H. Midyear

Agents need a greater choice of block policies to offer clients, Archie M. Slawsby of Nashua, N.H., member of the executive committee of NAIA, said at the midyear meeting of New Hampshire Assn. of Insurance Agents at Manchester.

During the last few months as a result of desperate effort, under pressure, a commercial block policy, the product of various boards and bureaus, has appeared on the doorsteps of the insurance departments. He said he has been told, confidentially, that the form is satisfactory only to the burglary people, who were afraid they were going to lose more than \$10 million dollars of open stock burglary premiums. This form is theirs, Mr. Slawsby said. If it sells at all, it will develop burglary premiums in substantial amounts.

He said he has also been told "We are unhappy about this coverage because it is set up wrong. Inter-Regional's block will be rated by the fire rating bureaus which are now so overloaded with work that a single fire rate promulgation takes a long time. How long will it take them to calculate a commercial block quotation?"

Strong or weak, approval of the block policy of Inter-Regional Insurance Conference is a practical necessity, he said. As more and more states approve the filing, it becomes important that every state approve it. At least one universally approved, concurrent form must be made available for the protection of interstate risks.

But, he warned, acceptance of the Inter-Regional package and formula should not be considered the beginning and end of block approvals. He pointed out that there are excellent independent dwelling form filings gathering dust in most insurance departments since the approval of Inter-Regional's special dwelling form.

In many territories the approval of the special dwelling form was accompanied by an explanation: The exclusive approval of this form will prevent chaos from invading the dwelling class. Approval of more than one form would split production forces into incompatible segments.

Agents are still saddled with this rationalization and also saddled with stagnation, Mr. Slawsby declared. Agents are prevented from selling forms which would provide coverage against damage sustained by surface water and earthquake. Individual companies have been willing to provide coverage against damage sustained by one or both of these perils at the same rate or for a penny more than is charged for Inter-Regional's dwelling form, he said.

Because a single dwelling form was approved, agents are paying the consequences, Mr. Slawsby said. Improve-

ments in the coverage may have to wait many years. The lesson all have learned from this single approval should be reason enough to induce agents to prevent a recurrence at all costs.

It is possible that the rates now being charged for the special dwelling form will prove inadequate. If a rate increase is necessary to keep the coverage available, it will effectively prevent a broadening of the form even if underwriters are willing to broaden it, he declared.

A double rate increase, one to reflect

what may prove to be poor experience and another to anticipate losses under any proposed broadening of the protection would undoubtedly act as a serious deterrent to the continued sale of the special form, he believes.

While block approval has been withheld, the condition of individual block filings has matured. Many early filings have been withdrawn. There still remain in many jurisdictions the filings of only five hardy independents in addition to Inter-Regional's. These should all be given a chance, he stated.

Every producer is affected by the

dwelling situation because of the interest in the class. In the commercial class, fewer than one in seven agents has a real interest. Not more than 15% of the producers have commercial business which would be eligible for and convertible to the commercial block market with the increase in cost considered.

The approval of all forms would prove the superior marketability of a particular form or forms. A choice would act as a sales stimulant, he said. Mass selling, he said, will spread the risk and eliminate adverse selection.

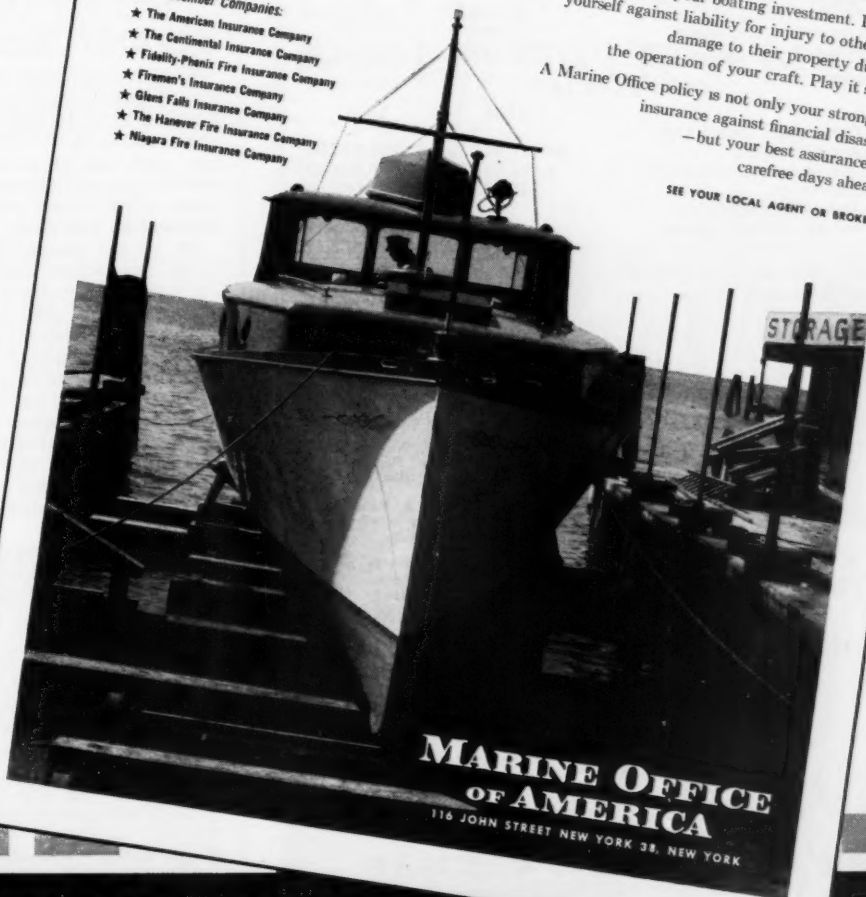
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- ★ Fidelity-Phenix Fire Insurance Company
- ★ Firemen's Insurance Company
- ★ Glens Falls Insurance Company
- ★ The Hanover Fire Insurance Company
- ★ Niagara Fire Insurance Company



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Safeguard your boating investment. Insure yourself against liability for injury to others or damage to their property due to the operation of your craft. Play it safe! A Marine Office policy is not only your strongest insurance against financial disaster — but your best assurance of carefree days ahead.

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alerting owners of pleasure boats to the need  
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## Claims Arbitration Proves Successful

More than 10,000 civil cases involving differences between insurance companies were successfully concluded

without going to court, according to the annual report of the combined claims committee of Assn. of Casualty & Surety Companies and National Assn. of Mutual Casualty Companies. N. Morgan Woods, manager of the claims bureau of Assn. of Casualty &

Surety Companies praised the work of the arbitration committees, established by the nationwide inter-company arbitration agreement, in easing the load on overcrowded court dockets.

He explained that under the arbitration agreement, 249 insurance companies have agreed to forego litigation and to arbitrate all auto and plate glass subrogation claims under \$1,500. He commented that the program has been so successful that some companies are now submitting a wider range of inter-company disputes for settlement.

As a result of the arbitration of the more than 10,000 cases, Mr. Woods said, courts have been free to handle that many more cases than otherwise would have been possible. Principals involved in the arbitrated cases have gotten speedier settlements sufficiently, satisfactorily and without undue publicity and expense to them or the companies, he added.

Arbitration committees heard 6,192 cases involving total claims of \$1,670,190. Another 3,748 cases with claims of \$951,295 were concluded before coming to a hearing. Many others were concluded because of the existence of the committees but before it became necessary to file for a hearing, he stated. A total of 2,973 with claims of \$751,316 were settled in favor of the applicants and 3,219 were settled in favor of the respondents. Total claims in all cases filed with arbitration committees was \$2,621,486.

## Employers Makes Several Changes

Robert L. Haskell has retired as assistant deputy manager of Employers Liability after 35 years with the group and is succeeded by Daniel B. Linscott, who will also be in charge of policy service and will supervise the group's home office, claim payroll audit and engineering functions.

In other executive changes, the group has named Eugene W. Driscoll assistant superintendent of U. S. claims, John E. Mahoney superintendent of New England claims, Winston Noble superintendent of New York claims and Foster C. Greene assistant deputy manager of casualty underwriting of Employers Liability.

Mr. Haskell was a claims manager, resident manager and superintendent of U. S. claims before being named assistant deputy manager of the company in 1953.

Mr. Linscott continues as vice-president of American Employers and Employers Fire. He was appointed deputy assistant manager of Employers Liability late last year.

Mr. Driscoll joined the group in 1924 and worked in various phases of claims supervision. He was most recently New England claims superintendent.

Mr. Mahoney joined the group in 1939 and was appointed New York claims superintendent in 1948.

Mr. Noble joined the group in 1946 and was named assistant New York claims superintendent in 1950.

Mr. Greene formerly was assistant underwriting manager. In his new position he will supervise casualty, steam boiler and machinery, personal accident and group disability, loss control, forms and casualty reinsurance.

## Anderson to Visit London

Thomas C. Anderson vice-president Griffiths, Tate, Ltd., will fly April 15 to London to confer with the firm's London underwriters, Griffiths, Tate

(Insurance) Ltd. He will return to New York the latter part of this month and will visit with clients there before returning to Chicago.

On May 22, Mr. Anderson will be the guest speaker at a luncheon of Dallas Casualty Underwriters Assn. His subject is "Advantage of Lloyds Market to Company Underwriters."

## Hazelhurst Joins Md. Agency

Harry Hazelhurst, who retired in January as manager of Insurance Rating Bureau of the District of Columbia, has joined Maryland Insurance Agency in Hyattsville.



**\*no**

**a thousand times no!**

Most of my prospects are quiet and pleasant, but this one yelled like a Comanche! I got out of there. Next time the Pacific National Fieldman came around, I took him along for one more try. That Company man never heard of the word, "No!" He used the "Yes, but" technique. After the smoke cleared away, we walked out with the order. I'm a pretty fair salesman myself, but I've found it a good policy to use Pacific National's exceptional Agency service — especially when the going gets rough.

**AND IT'S A GOOD POLICY FOR AGENT, BROKER AND ASSURED THAT BEARS THIS SEAL**



NOW  
an even greater gain in Growth  
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## A \$1,000,000 CAPITALIZATION

made possible by 7 years of Increased Application  
and Consistent Service

after another tremendous climb in assets and surplus in 1955, Southwestern Fire and Casualty Company stockholders voted to double its capitalization from \$500,000 to One Million Dollars, ranking it even higher among the industry leaders in the Southwest.

### The annual report for 1955 tells why: Comparative Condensed Statement

ASSETS		
	1954	1955
Bonds . . . . .	\$1,258,646.15	\$1,329,350.26
Stocks . . . . .	2,160,479.12	2,853,391.00
Cash on deposit . . . . .	327,561.04	235,924.43
Premium balances receivable less reinsurance payable . . . . .	432,852.65	385,966.49
Funds held by or deposited with ceding reinsurers . . . . .	35,656.12	26,655.46
Accrued interest receivable . . . . .	3,289.77	3,758.17
Total admitted assets . . . . .	\$4,218,484.85	\$4,835,045.81

LIABILITIES		
	1954	1955
Reserve for unpaid losses and adjustment expense . . . . .	\$ 477,846.24	\$ 459,473.84
Reserve for unearned premiums . . . . .	1,625,694.71	1,960,624.92
Reserve for taxes . . . . .	70,000.00	61,000.00
Reserve for other liabilities . . . . .	8,082.64	16,039.08
Funds held by company under reinsurance treaties . . . . .	14,407.36	5,422.17
Total liabilities except capital . . . . .	\$2,196,330.95	\$2,502,560.01
Capital paid up . . . . .	500,000.00	500,000.00
Net surplus . . . . .	1,522,153.90	1,832,485.80
Total liabilities and capital . . . . .	\$4,218,484.85	\$4,835,045.81

### DIRECTORS

J. S. BRIDWELL Oil and Cattleman, Wichita Falls	DEWITT T. RAY Senior Vice-President, Republic National Bank, Dallas	HAROLD F. VOLK President, Volk Brothers, Dallas
C. P. BURTON Oil and Ranching Dallas	HARLAN RAY Oil, Aircraft and Lumber Dallas	ANGUS G. WYNNE, JR. Properties Developer, Dallas
W. H. FRANCIS, JR. Oil and Law Houston	ARTHUR A. SEELIGSON, SR. Oil and Investments, San Antonio	CHARLES S. YANCEY Insurance Dallas
CHARLES P. MCGAHA Oil and President, City National Bank, Wichita Falls	J. C. THOMPSON President, Southland Corporation Dallas	S. FOSTER YANCEY Insurance Dallas

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### Three Officers of Mich. Mutual Liability Raised

A number of changes in the executive staff have been made by Michigan Mutual Liability.

L. J. Carey, vice-president and general counsel, has been designated 1st vice-president and general counsel. R. J. Ladd, assistant vice-president, was advanced to vice-president and general sales manager, replacing R. I. Elmers, who has retired. Vice-president C. J. Perry was made managing underwriter. He succeeds C. B. Burch who has retired as underwriting manager after 35 years with the organization, but will continue as a vice-president devoting his activities to research.

Mr. Ladd joined Michigan Mutual in 1935, and since 1942 has had sales executive capacities. Mr. Perry has been with the company since 1923 and has been an underwriting executive since 1933. He was elected a vice-president in 1954.

Three new board members were elected, Edward J. Frey, president of Union Bank of Michigan at Grand Rapids; Morris D. Palmer, president of Fenestra Inc., and James R. Seyferth, vice-president of West Michigan Steel Foundry Co.

### N. H. Fire Subsidiary Elevates Two Officers

Leslie A. Burton, superintendent of the bond department of American Fidelity, of New Hampshire Fire group, has been elected assistant secretary and Edward P. Turner Jr., secretary, was elected a director. Mr. Turner is vice-president of New Hampshire Fire and Granite State Fire.

Mr. Burton joined the company in 1946 as a special agent in New Hampshire and later transferred to the bond department.

### Industrial Indemnity Opens Office at Oakland

Industrial Indemnity of San Francisco has opened a service office at Oakland. Robert W. Hooker, who has been claim manager at San Diego, will be in charge of claims; Ben Hartinger will be claims supervisor, and Bruce Sadler claims attorney. Special Agents Thomas Kling, Austin Whitaker and Richard Beeler will have headquarters in the new office.

More than 500 employees of Allstate's 28 branch offices will meet April 16-17 at Chicago to celebrate the company's 25th anniversary.

### McDonald to Press Post at Travelers

Travelers has named Frederick W. McDonald press relations representative in the public information and advertising department.

He was a former reporter and bureau chief with Bangor (Me.) Daily News. In 1954 he joined Union Mutual Life as a special agent.

### Illinois Makes First Report on Steel Ins. Co.

The Illinois department has made its first examination of Steel of America, the company specializing in iron and steel manufacturing risks.

Steel was incorporated Feb. 1, 1955, and was authorized to begin business March 29 as a stock, fire and marine company. The examination covers the period Feb. 1, 1955, through Dec. 31, 1955, and shows assets of \$298,386, capital of \$200,000 and a net surplus of \$53,331. So far, the company has had only one small claim. Steel is licensed only in Illinois, but is making plans to enter other states.

Prior to Nov. 1, Steel had quota share reinsurance contracts totalling 99.6% with a large number of companies, the contracts based on \$5 million maximum probable loss. Steel retained .4%. The quota share reinsurance contracts were amended Nov. 1 to a base of \$7 million maximum probable loss and the company's retention was reduced to .3%. The contracts are with a total of 50 individual companies and Lloyds, and of this group 18 companies representing 23.36% are authorized in Illinois. In addition, 23.21% of the quota share reinsurance is placed with Lloyds, and of the unauthorized companies and Lloyds, a total of 67.533% of the quota share reinsurance is on an earned premium basis. Based on \$7 million maximum probable loss, Steel's net retention is a maximum of \$21,000.

Steel has a catastrophe reinsurance contract under which the insurer assumes the first \$50,000 in aggregate losses in any one policy year and the reinsurers assume the excess, not to exceed \$50,000. Steel does not assume any reinsurance.

### N. Y. WC Group Adds Carothers

New York state workmen's compensation board has appointed C. E. Carothers a member of its advisory committee for self insurance effective April 15. He is currently supervisor of retirement relations and WC employee services department of Ford Motor Co. at Dearborn, Mich. The committee represents employers who are self-insured.

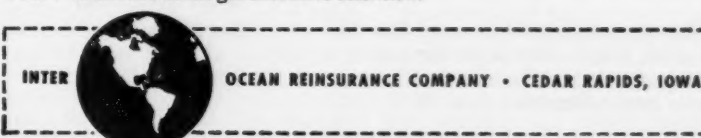
Basically, reinsurance firms are much alike in the services they render. Perhaps there are two major differences. Differences in the capability of management and in financial capacity. The experience of Inter-Ocean counselors, and their ability to prepare contracts carefully fitted to your needs, is a natural outgrowth of the stability of Inter-Ocean management—continuous since the company's operation began in 1920. Our financial capacity is a matter of record—sufficient for your requirements.

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Pro-rata  
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how to pick your property insurance agent



Naturally, you want the best protection you can get for your home, your car and your business. The first step—and most important one—is to pick the right agent or broker!

There are some guideposts to help you. Here's what you should look for:

- 1) Is he an independent businessman?
- 2) Does he represent the company you want?
- 3) Will he give you personal, interested service?

On all these counts, and many more, you'll find that your local agent of The Home Insurance Company measures up to the highest standards. You'll find, too, that it's wise to buy the best—the combination of quality insurance provided by The Home and quality service and advice offered by your Home agent. Why not see him today?

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The Home Indemnity Company, an affiliate, writes  
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A stock company represented by over 40,000 independent local agents and brokers

We think our agents are among the best in the country.

We think they have the qualities a good insurance agent should have.

We think they offer the kind of service people need and want.

We think they're offering the finest in insurance protection available today.

So—we're saying so!

Of course, as helpful as an ad like this can be, it will work better for you with your help. Why not tie-in your own local advertising with it?

\* This advertisement appears in color in:

Business Week—Apr. 7  
Newsweek—Apr. 16  
Time—Apr. 16  
U. S. News & World Report—Apr. 27  
Nation's Business—May  
Town Journal—May

## Convention Dates

- April 12-13, Health Insurance Assn. of America, organizational and first annual meeting, Netherland Plaza hotel, Cincinnati.
- April 13-14, Colorado Insurers Assn., annual, Broadmoor hotel, Colorado Springs.
- April 13-14, Rocky Mountain Territorial Conference, Broadmoor hotel, Colorado Springs.
- April 15-17, Mississippi Assn. of Mutual Insurance Agents, annual, Vicksburg hotel, Vicksburg.
- April 16, Rhode Island Assn. of Insurance Agents, midyear, Sheraton-Biltmore hotel, Providence.
- April 16-17, Iowa Assn. of Mutual Insurance Agents, annual, Hotel Savary, Des Moines.
- April 22-25, Eastern Agents Conference, annual, Hotel Statler, Hartford.
- April 23-25, State National Directors of NAIA, midyear, Hotel Statler, Hartford.
- April 25-26, National Assn. of Independent Insurers, annual, Roosevelt hotel, New Orleans.
- April 30-May 2, Chamber of Commerce of the U.S., annual, Washington, D. C.
- April 30-May 1, Kentucky Assn. of Insurance Agents, Eastern District, Cumberland Falls State Park, Corbin.
- April 30-May 2, Iowa Assn. of Insurance Agents, annual, Hotel Savary, Des Moines.
- May 3, Illinois Assn. of Mutual Agents, Hotel Wafford, Danville.
- May 3-5, Louisiana Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.
- May 3-5, National Assn. of Independent Insurance Adjusters, annual, San Souci hotel, Miami Beach.
- May 6-8, Florida Assn. of Mutual Insurance Agents, annual, The Colonnades, Riviera Beach.
- May 6-8, Alabama Assn. of Insurance Agents, annual, Whitley hotel, Montgomery.
- May 7-8, Minnesota Assn. of Mutual Agents, midyear, Leamington hotel, Minneapolis.
- May 7-8, New York Assn. of Insurance Agents, annual, Syracuse.
- May 7-9, Board of Fire Underwriters of the Pacific, Santa Barbara Biltmore hotel, Santa Barbara.
- May 8, National Bureau of Casualty Underwriters, annual, New York.
- May 9-11, American Management Assn., insurance conference, Roosevelt hotel, New York.
- May 10, Surety Assn. of America, annual, New York.
- May 10-12, Arkansas Assn. of Insurance Agents, annual, Arlington hotel, Hot Springs.
- May 10-12, Florida Assn. of Insurance Agents, annual, George Washington hotel, Jacksonville.
- May 14-15, Kentucky Assn. of Insurance Agents, Western District, Kenlake State Park, Hardin.
- May 14-15, Oklahoma Assn. of Insurance Agents, annual, Mayo hotel, Tulsa.
- May 15-16, Illinois Bureau of Casualty Insurers, annual, St. Nicholas hotel, Springfield.
- May 16-18, National Assn. of Insurance Brokers, Boston.
- May 17-19, North Carolina Assn. of Insurance Agents, annual, Hotel Carolina, Pinehurst.
- May 17-19, Texas Assn. of Insurance Agents, annual, San Antonio.
- May 20-23, Inland Marine Underwriters Assn., annual, Shawnee Inn, Shawnee, Pa.
- May 20-23, Inland Marine Insurance Bureau, annual, Shawnee Inn, Shawnee, Pa.
- May 21-23, Insurance Accounting & Statistical Assn., Hotel New Yorker, New York.
- May 21-23, American Assn. of Managing General Agents, annual, Shamrock hotel, Houston.
- May 23, National Automobile Underwriters Assn., annual, Roosevelt hotel, New York.
- May 23-25, Georgia Assn. of Insurance Agents, annual, Oglethorpe hotel, Savannah.
- May 23-25, Insurance Company Education Directors Society, annual, Skytop, Pa.
- May 24, Midwestern Independent Statistical Service, annual, Bismarck hotel, Chicago.

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I'd like to tell you something about the largest-writing stock company in Ohio — Buckeye Union.

In our thirty year history, we have never failed to show an increase in the amount of premiums written.

What better endorsement by agents and policyholders alike can be shown?

The specific reasons for this wide acceptance would be of interest to all in the insurance business. In an effort to influence other good agents, I will attempt to list some of the major points which have brought recognition to our companies.

## FAST AND FAIR CLAIM SERVICE

Daily we receive letters from agents and policyholders praising our handling of claims. It is one of our main stocks in trade. This same outstanding claim service is provided all our policyholders.

## FIELD REPRESENTATION

Men well-experienced in agency operations and all forms of fire and casualty insurance make frequent calls on every Buckeye Union agent. These men are thoroughly indoctrinated in the methods of our operation and can answer most questions regarding those difficult risks that frequently come up in the office of an ambitious agency.

## PROVEN SALES AIDS

Our Sales Promotion Department is constantly in search of new and better methods of assisting our agents in merchandising insurance. Sales aids are available for almost every form of insurance written by our companies. Assistance is also provided individual agents in special promotions, direct mail campaigns and preparation of advertisements.

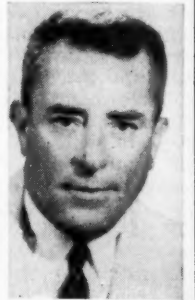
If you are an agent in Ohio, West Virginia, Kentucky, Pennsylvania, Michigan or Indiana and want to represent a strong, reliable capital stock company, I invite you to contact our Superintendent of Agencies or our Branch Office nearest you.

F. E. Jones  
PRESIDENT

**BUCKEYE UNION  
INSURANCE COMPANIES**

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MR. JONES



# Fire and Casualty Insurance

## COMMENTS - TRENDS - OBSERVATIONS

### Says Settlement of BI Losses Aided by Careful Planning, Well-Written Coverage

The old saying that "the time to adjust a business interruption loss is when the policies are written" contains a lot of truth but practice has proven that it is "necessary to constantly return to pure fundamentals to perfect a claim and the detail necessary to a satisfactory conclusion," according to R. M. Beatty.

Mr. Beatty, executive assistant of W. A. Alexander & Co., and an authority on business interruption insurance, outlined the fundamentals of BI loss adjustment at a recent meeting of Insurance Buyers Assn. of Detroit.

"For many years BI losses were looked upon as pure horsetrading because frequently it was necessary to resort to estimates of various kinds. Today we estimate many things in business life and realize that most estimates are more complicated than those used in BI losses. These losses actually resolve themselves down to fair-minded and conscientious people trying to find fair facts and resulting fair answers," he said.

Mr. Beatty termed a "clear understanding of the factors necessary to the resumption of normal operations and conclusion of the adjustment" as one of the first fundamentals in BI loss adjustment. He suggested that risk managers or others responsible for the conclusion of an adjustment make provisions for the following steps and obtain the adjuster's agreement to them:

1. How the damaged or destroyed facilities are to be replaced.
2. Obtain an estimated time schedule of repairs, replacements and resumption of operations.
3. Set up special accounts as needed for various charges and expenses as incurred to coincide with the various types of insurance coverages.
4. Provide for departmental communications and progress reports.
5. Agree so far as possible with adjusters on the kind or types of expense that will abate during the interruption.
6. Agree with adjusters on what extra-ordinary or expediting expense should be incurred in order to carry on temporary operations or hasten restoration of damaged facilities.

Mr. Beatty emphasized that the adjuster must be informed at the time of loss on all known matters and apprised from time to time of the progress of repairs, replacements and resumption of operations.

"If the loss is of a serious nature and the damaged and destroyed facilities will be replaced in radically different design or kind," he said, "then provision should be made at the very outset to complete a loss adjustment based on estimated time and calculations,

spreading the earnings loss over the actual period of time involved."

Mr. Beatty called the time element the essence of a BI loss adjustment and listed several factors which determine the amount of time involved:

1. Wrecking, removing of debris and salvaging of all possible property.
2. Letting of contracts for repairs or replacements.
3. Reconstruction of buildings.
4. Replacement of machinery, equipment and other fixtures.
5. Placement of machinery in use so as to adjust and calibrate to proper efficiency.
6. Restoration of raw stock if it could not be replaced concurrently with other work.
7. Restoration of stock in process to the state of manufacture that existed at the time of loss.

He pointed out that there are few policy limitations with respect to time. For all items except stock, the coverage provides "such length of time as would be required with the exercise of due diligence and dispatch to rebuild, repair or replace." With respect to raw stock and stock in process, the coverage generally is limited to the time that the stock would have afforded operations.

"Special circumstances sometimes alter the time that might be stated under a general rule," he said, "but the actual calculation of loss figures must be related directly to the length of time that is determined. If the interruption is during a peak production or sales period, the loss will be much greater than if occurring in a valley or low production period."

Mr. Beatty said it is impossible to state a general rule on continuing charges. "Small partial suspensions present one extreme while large extended time losses present a radical opposite. It is reasonable to say, however, that all charges and expenses can be continued that are necessary to resume operations with the same quality of service that existed prior to the loss or interruption."

Extraordinary or expediting expense incurred to hasten the resumption of operations or to carry on production play an important part in the great majority of BI losses, he said, and should be computed with great care. Such combined costs cannot exceed what the loss would have been on the basis of a total suspension with no temporary or alternate operations, which has happened in some instances.

"Much has been said in the past about the meaning of actual loss sustained. BI forms are being revised and the words will now appear in the insuring clause at its beginning rather than in its present place. The only

effect of this change is an attempt to accentuate their meaning. The words have in the past and will always mean indemnity and are used to say in effect that insured should be in as good but no better position after a loss than if no loss had occurred. They are a restatement or clarification of other wording appearing in the same clause—*Reduction in gross earnings . . . less charges and expenses which do not necessarily continue during the interruption of business.* The phrase *reduction in gross earnings* is intended to embrace the actual, not hypothetical impairment of final earnings, hence the further qualification of *actual loss sustained.*"

Mr. Beatty, in discussing the attitude of adjusters, said they are invariably seeking a reasonable and prompt answer and satisfactory conclusion for all parties concerned. He said they rarely appear on a loss scene fully equipped to proceed on their own knowledge. They are generally well informed as to coverages provided but wholly unfamiliar with the involved operations as they must be related to the coverage.

"In fact, the property or facilities involved may be so highly technical that the adjuster might study them the rest of his natural life and still not understand them fully," he said. "Insured's position is one of accumulating all pertinent facts and stating them in their most simplified form, supporting all figures with calculations beamed to the BI coverage and not necessarily following normal accounting procedures."

Mr. Beatty concluded that the basis of satisfactory BI loss adjustments are: Properly conceived and written coverage with the possible loss being upper most in mind rather than the probable loss, and careful and well conceived plans toward the conclusion of a loss at the outset with nearly constant checks to determine actual progress toward resumption of normal operations and the adjustment of the loss.

### A&S Coverage for Dogs Available in Kansas

Employers Mutual Casualty of Des Moines is offering an A&S plan for dogs in Kansas for a \$15 yearly premium. The company plans to make the coverage available in all 48 states.

The plan provides benefits for hospitalization, surgery, x-rays, laboratory fees and drugs. Coverage is available through licensed veterinary hospitals for dogs from six months to 10 years of age. It pays up to \$75 for one hospitalization with a limit of \$150 during the policy term. The first \$10 or 20% of the claim, whichever is greater, is deductible.

The rates were set after studying the records of five Kansas City veterinarians covering 10,000 pets.

### Plan N. Y. Building Specifically for Insurance Rentals

The office building at William and John streets, projected by Samuel Friedenberg & Son, insurance realtors, will be the largest in the New York insurance district and will be especially constructed for insurance company occupancy. Scheduled for completion in 1958, the building will have 700,000 square feet of space on 31 floors.

A 99-year lease was obtained on the 20-story Crum & Forster home office building at 110 William street on the corner of William and John streets. The Friedenberg firm has already started demolition of existing structures at 118-126 William street and 79-81 John street, which forms an L-shaped plot around the Crum & Forster building. The latter building will be integrated into the new building which will be known in its entirety as 110 William street.

Interior columns will be few and widely-spaced to impede as little as possible the flow of departmental work. This is part of the design to meet insurance company needs, which require horizontal integration on large floors. Individual controls for air conditioning will be installed throughout the building. Fluorescent lights, recessed in the ceilings, will provide a minimum of 40 foot candle power at desk level. Special reinforced arches have been designed to accommodate heavy business machines, and the builders are considering the inclusion of a large restaurant for use by employees of the tenants.

The Friedenberg firm culminated initial plans for the L-shaped building last summer with the purchase of four properties at 120-126 William street and 79-81 John street from Employers' Liability and the subsequent acquisition of 118 William street from Bonmere Realty. The recent leasing of the Crum & Forster property completes the assembly of a plot of more than 32,000 square feet in the heart of the insurance district. The ground lease totals more than \$7 million during the first period of 21 years.

Crum & Forster has agreed to lease 120,000 square feet of space in the new building on four floors. This lease, which matches the first period of the leasehold, comes to almost \$12 million. Employers' Liability has taken a 10-year lease on 35,000 square feet. Two other insurers are awaiting formal leasehold closing before taking an additional 50,000 square feet.

Mr. Friedenberg has been recognized as the largest owner of insurance district real estate since 1930 when he built 90 John street under a similar arrangement with Chubb & Son. He built 110 John street and the first post-war office building in the district in 1950 at 161 William street.



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## N. Y. Asphalt Plant Fire Loss \$75,000

The insurance loss in the fire which damaged County Asphalt Corp. at Tarrytown, N. Y., will run about \$75,000, including \$3,500 on the building and the balance on equipment and machinery. The Tarrytown plant is the largest of four owned by the corporation. General Adjustment Bureau is handling the loss.

The main building of the plant, a concrete block, one-story structure, was connected by pipes and power wiring with a building housing two steam boilers, with large vats for mixing tar and sand and with tanks for storing tar and sand. Because of these connections, the structures are being treated as a single unit in adjusting the loss.

The greatest loss is on equipment but there will be considerable salvage of the cranes, tractors, vats and other equipment. The plant carried no use and occupancy, but the morning after the fire the company continued operation on a manual basis because of the demand for asphalt in the area.

The plant had \$25,000 in each of Federal and Fidelity-Phenix, and a \$50,000 policy in Pennsylvania Fire on the building, which, because of the construction of the plant, could also be considered on machinery and equipment, GAB said. It also had two \$46,000 policies, one with Hartford Fire and one with Northern of New York, in the building schedule, a contractor's equipment floater for \$150,000, and \$5,000 on stock with American Central.

## U.S. Chamber to Elect Insurance Directors

Ballots have been mailed to National Councillors of U. S. Chamber of Commerce for the election of new directors by April 20.

Nominated as director to represent the chamber's insurance department on the general board is Edward B. Collett, vice-president and secretary of Millers Mutual Fire of Texas.

Among district director nominees are H. Ladd Plumley, president of State Mutual Life of Worcester; Joseph P. Riley, local agent at Charleston, S.C., and Murray A. Baldwin, vice-president of American Life & Casualty of Fargo, N.D.

## D.C. Law Imposes \$25 License Tax on Agents

A new Washington, D.C., revenue law will impose a \$25 annual license tax on each agent starting in 1957.

Until the new law was enacted, agents were not required to pay taxes under the unincorporated business tax act because more than 80% of their earnings were deemed to have been derived from personal services.

## Cal. Associations Elect

LOS ANGELES—Officers elected by local agents' associations in California include:

Merced—President, Dan Baumbauer; secretary, Al Diblee.

Humboldt county—President, Harold T. Berry; vice-president, Leroy Stark-ey; secretary-treasurer, Fred E. Petersen.

Monterey—President, William H. Monroe; secretary-treasurer, G. G. Lefler.

Santa Barbara—President, George H. Squires; vice-president, John P. Roberts; secretary-treasurer, E. Garry Ramsay.

Santa Cruz—President, Garner Finn, vice-president, Louis Andersen; secretary, Ted Herbert.

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## Kelly Sees U. S. Participation in Reactor Coverage

The matter of government participation in protection for the nuclear reactor industry was discussed by Ambrose B. Kelly, general counsel of the factory mutuals, at the annual conference in Houston of Houston Area Insurance Buyers Assn. The problem of getting the government to participate in providing, with private insurers, as much protection as the reactor industry has indicated that it will need before it can proceed to construct the reactors, was fully explored, Mr. Kelly said, at a March seminar attended by a picked group from industry and insurance.

Some plan, he said, under which the government will assume responsibility for catastrophic loss, with private insurers providing protection up to an amount determined by an analysis of the loss potential at each reactor, will undoubtedly be put before the Congress at this session. A properly drawn bill would clarify the liability of the government for loss at its own installations, as well as provide the necessary protection for private industry in the atomic energy field. Still more important, he added, it would protect the private citizen who suffered loss as an unavoidable result of the country's entrance into the atomic age.

He pointed out that buyers of insurance for ordinary business risks may find the whole subject of the hazards in nuclear reactors of academic interest. The principal concern of such buyers is contamination of their plants by a radioactive fallout. Someone must pay for decontamination—the contaminated business, the insurer, or the person on whose premises the fallout originated. Presently the only real chance of such damage from a fallout comes from an atomic energy commission installation. However, 10 or 20 years from now it is much more likely to come from a private reactor. That is why the answer to the question of protection is of real concern to buyers, he declared.

Mr. Kelly does not believe that nuclear reaction in itself can be considered fire or explosion under insur-

ance. If the release of radioactive material were the direct result of a fire or an explosion, it would be necessary to study the facts in the individual case to determine if the loss came within the contract.

It is because of this possibility, he said, that many property insurers are studying the possible use of a new exclusion, which would deny liability for radioactive contamination. If it is felt that the possibility of such loss is not serious from radioactive materials within the premises, such as isotopes in a hospital, the exclusion could apply only to contamination originating off premises. Such an exclusion, incidentally, already has been adopted for some all risk forms where the loss would otherwise be covered.

At present the only difficult part of the insurance problem involves the reactors and other installations, such as fuel plants, where the use of atomic material is the plant's reason for existence. The growing use of isotopes does not seem to create any serious additional hazard. Certainly there is no catastrophe hazard.

Many problems, of which the most important is the rating of atomic risks, remain to be worked out, he said. The American insurance business is meeting the challenge of this and other problems connected with providing protection of around \$65 million of liability cover for each atomic risk and substantially the same amount for property insurance. He said he thought this capacity might be substantially increased if insurers are able to secure insurance in the world market. Negotiations in this direction are now in progress with London Lloyds.

### Dorphley Joins U. S. Fire Conference

C. Norman Dorphley, who has been manager of the Puerto Rico Inspection & Rating Bureau, has resigned to become assistant manager of U.S. Fire Companies Conference which has its headquarters at New York. He is a charter member of National Capital pond of Blue Goose.

### Cowan to Miami Agency

Roy L. Cowan Jr., special agent in southern Florida for Hurt & Quin of Atlanta, on April 15 will join the H. H. Filer agency of Miami. Mr. Cowan has been with Hurt & Quin for 10 years.



### ANOTHER LETTER FROM FRANK— AND I HAVEN'T ANSWERED THE LAST ONE

IT IS A PLEASANT SURPRISE to get a second letter from a friend before answering the first. It is nice to be met more than half way.

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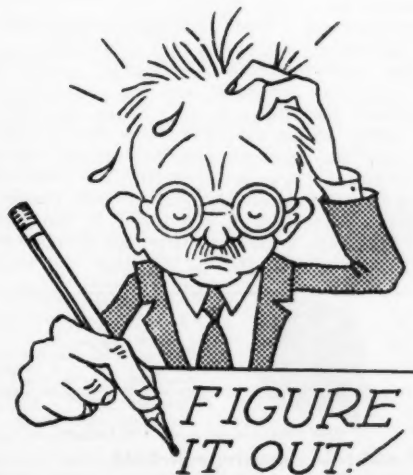
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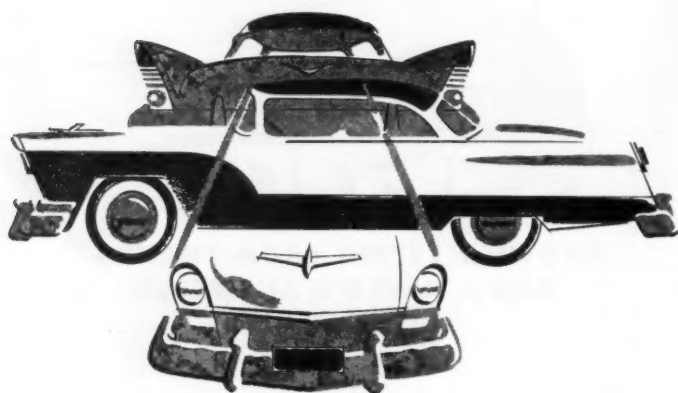
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## President of Teetotaler Auto Insurer Sues Other Officers for \$1 Million

DES MOINES—The Rev. Sam Morris of San Antonio, temperance leader and president of Preferred Risk Mutual of Des Moines, has filed a \$1 million suit against other officers of the company and asked for a temporary restraining order in federal court. Federal Judge Henry N. Graven continued a hearing on the restraining order until April 16.

Named in the suit were 15 individuals, mostly officers and directors of the company, and seven corporations. The court suit is the result of a bitter fight that has been going on for several weeks within the company and broke into the open when Rev. Morris accused the other officials of employing persons "not dedicated to total abstinence."

Preferred Risk Mutual, founded in 1947, writes auto insurance for drivers who do not drink. Rev. Morris charges the defendants with breaking faith with the temperance cause.

Plaintiffs in the suit besides Rev. Morris are his wife, Louise; their son, Sam Morris Jr., and Tom Foster, state agent for the company in Oklahoma. The Morrises are three of the nine directors of Preferred Risk Mutual. Defendants include Bernard Mercer, vice-president; William N. Plymat, treasurer; and J. J. Mallon, Colorado Springs, secretary.

The seven corporations named are: Central Iowa Investment Co., and Insurance Specialists, Inc., Des Moines; Ullmen-Adams Insurance Agency, Inc., Chicago; Lindell Insurers, Inc., St. Louis; Bolander-Parson Insurance Agency, Inc., and/or Larimer-Parson Insurance Agency, Inc., Denver; Pearce Insurance Agency, Inc., Salt Lake City, and El Paso Preferred Investment Co., Colorado Springs.

Rev. Morris charges diversion of funds belonging to Preferred Risk to the corporations which had been set up by some of the defendants. He also asks for \$31,370 which he claims is due to him in salary.

Rev. Morris' petition claims the defendants "have refused to continue the originally mutually accepted policy and program . . . of employing only total abstainers in any employment capacity."

The Iowa department is now making an investigation of the company's records. David E. Shapard, Oklahoma City attorney, appearing for Rev. Morris at the federal hearings, stated that "various officers have given false information" to the insurance examiners. He asked for the restraining order so "things can remain in status quo" until a final ruling is made in the suit.

Hershel G. Langdon, attorney for some of the defendants, told the court that the petition had been filed by Rev. Morris for publicity purposes and

## Officers, Directors of N. A. to Attend European Opening

John A. Diemand, president of North America, and a group of directors and officers will take part in the official opening of the companies' European headquarters at the Hague, Holland, April 17.

Representatives of North America in Belgium, France, England, Holland, and Germany will be present for the opening ceremonies.

On April 20 directors and officers will meet with managers of the companies' Frankfurt, Germany, office to inspect that location. At the Hague, Frankfurt, and also at Rotterdam, Mr. Diemand and members of his party will meet with leaders of insurance, industry, finance, and government.

Accompanying Mr. Diemand on the inspection trip will be, in addition to several directors, the following executives of North America group: Ludwig C. Lewis, Herbert P. Stellwagen, J. Kenton Eisenbrey, V. I. G. Petersen of the head office, and Malcolm M. Dickson, resident vice-president for Europe.

The European trip will mark the fourth time in as many years that an inspection trip has been undertaken by directors of North America. Inspection of the Pacific coast facilities was made in 1953. The Louisiana-Texas area was visited in 1954, and Canada in 1955.

"the federal court should not be used for this purpose."

Before the suit was filed, representatives of both groups met with Commissioner Bennett in an effort to work out a settlement, but this failed.

Paul Walters, Des Moines attorney, issued a statement for the defendants in the suit charging the action of Rev. Morris was "to gain control of the company." He quoted Rev. Morris as stating on March 27 "Either I take over the company or we will have war. There will be no negotiated peace." Mr. Walters also charged that on the morning the suit was filed Rev. Morris had offered Plymat and Mallon \$105,000 each to resign and surrender company control to him.

Both company officers and department officials said the company is in excellent financial condition. The company maintains its home office in Des Moines but has a branch office in Colorado Springs.

Prior to filing the suit, Rev. Morris had stated that as president he drew a substantially smaller salary than the other officers. He maintained that in the early days of the company he had an agreement with Plymat and Mallon to draw identical salaries but that this was not done until last year when each received about \$15,000. The \$31,370 in back salary asked in the suit represents the difference in his salary and that of the other two officers.



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## Optimism Keynote at Chicago I-Day

(CONTINUED FROM PAGE 5)

increase in personal premiums from the wage earners attracted by the industry."

Mr. Porter said there should also be a substantial growth of cargo insurance in the Chicago area, but remarked that many midwest manufacturers and shippers have established their export departments in New York or other port cities and arrange and handle their marine insurance from those offices. He suggested the industry prepare to handle insurance and other services in Chicago so that export offices would no longer have to be separated from midwest general offices.

"As Chicago's harbor facilities expand, there will be an increase in harbor craft which will need hull and protection and indemnity coverage," he said. "Marine legs, mechanical loading and unloading devices and other property will be subject to inland marine treatment and shipyards expanding to provide repair facilities for ocean vessels will need builder's risk, ship repairer's liability and other coverages."

Mr. Porter urged the insurance industry of Chicago to follow the example of shippers, who are already making plans for use of the increased waterway facilities, and of banks, forwarders and other service organizations, which are equipping themselves to take care of their requirements.

A skit demonstrating how to effectively use the homeowners and other broad form dwelling coverages was presented by members of Illinois Fire Underwriters Assn. The skit had been presented at the convention of Illinois Assn. of Insurance Agents last year, but was brought up to date by including recent changes in homeowners and explanation of the tenants coverage. The cast included: G. Robert Nordgren of Aetna Casualty, author and director; L. W. Berg of Aetna Casualty, James H. Rupp of American, Richard R. Savage of North British, Eugene F. Snediker of Home, James D. Streich of St. Paul

F.&M. and Stanley S. Swanson of Crum & Forster.

Nels A. Ulseth, president of Chicago Board, presided at the banquet. He reviewed the board's activities and said future plans include a program of tie-in advertising for agents and companies and development of a road-aid plan similar to the one in Detroit.

Laddie T. Pelnar, assistant Illinois director, outlined the recent department decision which ruled illegal the insurance offers of American Motors and Studebaker-Packard under which automobile purchasers are given accidental death policies. He said the offer was contrary to Illinois group life and group A&S definitions and to department policy on tie-in sales.

The final speaker was Austin L. Wyman, chairman of Illinois state toll highway commission. He outlined some of the problems connected with toll roads and pointed out that they are necessary only when financing of new highways can be accomplished in no other way.

### Phoenix, Conn., Promotes Dye to Columbus Manager

Phoenix of Hartford has promoted Thomas O. Dye from general agent to manager of the new district office in Columbus, O.

He joined the company in 1922 as a special agent. He was named state agent in 1941 and general agent in 1950. The new office is located in the IBM building, 447 East Broad street.

### Metropolitan Fire Advances Maloney

Metropolitan Fire of Hartford has appointed Robert J. Maloney assistant treasurer. He joined the company in 1947 and was a statistician prior to his present appointment.

### Maine Insurance Groups to Aid Driver Courses

Maine Bonding & Casualty and two insurance associations are participating in a scholarship fund for a two week course at University of Maine for teachers seeking to be driver training instructors. The course will be

given June 18-29 and will not be repeated until 1958.

Maine Assn. of Insurance Agents, Cumberland County Board and Maine Automobile Dealers Assn. are also participating in the fund.

### OL&T Rates Up and Down in New Jersey

OL&T rates in New Jersey have been revised by National Bureau effective April 11. Rates for area and frontage classifications are increased 16% and for miscellaneous classifications are reduced 5%.

### American Re Names Wilson Treasurer

James Wilson has been appointed treasurer of American Re. Before joining American Reserve in 1946 he had been with Home, Car & General and Joseph Froggatt & Co. In 1948 he was appointed assistant treasurer of American Reserve and in 1954, assistant treasurer and assistant secretary of American Re.

Insurance Women of Tyler (Tex.) at their March meeting heard Richard Hicks, local Tyler agent, describe the benefits to insured provided by the agency system.

## Bird in the Hand?



The mistaken department store detective *thought* he had a shoplifter . . . but the customer, and his lawyer, thought they had a case of false arrest. The "bird in hand" sang a \$10,000 song — and collected.

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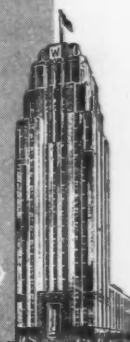


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## New Nationwide Stock Issue to Be Offered

A new issue of 800,000 shares of class "A" stock of Nationwide Corp., holding company for the Nationwide insurance group, has been registered with securities and exchange commission. A syndicate headed by Lehman Bros. of New York and the J. C. Bradford Co. of Nashville has been formed to market the issue. Expected price is about \$19 a share and it will probably be available for offering around April 23-24.

The slightly more than \$15 million to be raised will be used for the purchase of additional insurance company holdings. Nationwide Corp. now is entirely owned by Farm Bureau Mutual and Farm Bureau Mutual Automobile. The corporation wholly owns, except for directors qualifying shares, Nationwide Life. It owns 55% of National Casualty of Detroit; 17,000 shares of Sun Life of Canada; 4,400 shares of Columbian National Life and has an agreement to buy about one-third interest in North American Accident of Chicago for approximately \$4½ million.

The "A" stock of Nationwide Corp. will be a new class of stock. The "B" stock will continue to be held by the present holders. For both classes of stock an annual dividend of 15 cents a share is planned, besides which there will be an annual 4% stock dividend. The new setup is regarded as unusual in that the holding company will hold only insurance company shares.

## Delmarva Claim Group Elects Miles President

William E. Miles, Peninsula Adjusting, was elected president of Delmarva Claims Adjusters Assn. at the annual meeting in Salisbury, Md. Other officers are William M. Pitcher, Motors, vice-president; William H. Peck, Allied Adjusters, secretary, and William R. Coffman, Nationwide Mutual, treasurer.

## Expect 300 at Zone 2 Meet in Cleveland

More than 300 persons are expected to attend the zone 2 meeting of National Assn. of Insurance Commissioners, to be held at Cleveland May 9-10.

August Pryatel of Ohio will act as host to the heads of departments and their staffs from North Carolina, South Carolina, Virginia, Pennsylvania, West Virginia, Delaware, Maryland, Ohio and the District of Columbia.

Norman Vincent Peale, internationally-known lecturer and author, will address a banquet May 9. Frank Harrington, executive vice-president of National Assn. of Casualty & Surety Agents, former Massachusetts commissioner, will discuss the pros and cons of compulsory auto insurance. Mayor Celebrezze of Cleveland also will speak.

Details of the business sessions are yet to be worked out.

## Morrall to National Fire as Coast Marine Chief

Richard C. Morrall has been appointed marine superintendent at San Francisco for National of Hartford group. He will have full supervision of marine and inland marine activities for 11 western states.

## Anti-Coercion Group Names Del. Chairman

Committee to Eliminate Coercion in Insurance has appointed Maurice A. Hartnett III, Dover attorney, state chairman of the Delaware council to the committee. He will serve as the committee's liaison in the state, will coordinate anti-coercion activity there, and will direct the membership campaign.

The committee, originally founded in Washington, D. C., is now operating in seven states. It has been aiding the government in its effort to prevent tie-in sales of insurance with mortgages and financing.



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## Insurers Learn More About Catastrophe Coverage

(CONTINUED FROM PAGE 7)

dulge to a detrimental extent in bargaining with their reinsurers. After a year or two of good experience, they cannot resist the temptation to trade down their catastrophe premiums to the lowest possible point. Then, when a claim occurs, the reinsurer is in the red and has no alternative but to put the premium back to where it should have been in the first place, plus an amount equal to the premium deficiency prior to the loss. Most of the shopping around of the past year has been done by companies that outshrewded themselves prior to the '54 hurricanes. They had real bargains until the loss came along, and then found reinsurers reluctant to deal with them save for premiums of the first magnitude. By contrast, there are some companies which, with greater wisdom, saw to it that their reinsurers got an even break during the good years, and they have had little or no trouble in arranging their renewals. This points up the fact that a David Harum relationship cannot exist in a business that demands "utmost good faith" on a continuing basis.

The net effect of this has been that reinsurers formerly considered only as a catastrophe market have insisted on receiving their share of the pro rata treaty business, and also the pro rata treaty specialists found that they would have to take their share of the catastrophe business or lose out altogether on the treaty business. In short, the reinsurance market on the whole has become somewhat broader and more sophisticated in the underwriting of catastrophe covers.

It remains to be seen whether this healthy trend will persist. Many of the companies which were unwillingly thrust into the catastrophe business have sought to diminish their liability by retroceding substantial portions of their catastrophe business while keeping for their own account the relatively stable treaty business. Whether or not they will be able to maintain

this position with retrocessionaires after the next windstorms remains to be seen. If the catastrophe business cannot stand on its own feet at the front door, it seems dubious that it should improve in any respect for the retrocessionaire.

It seems a reasonable forecast that another series of shock losses such as we had in 1954 will again, sooner or later, upset the now-existing market and will again confront buyers of reinsurance with a serious problem in meeting their real or fancied needs for catastrophe covers.

In summary, it appears that the best advice that can be given to buyers of reinsurance is:

1. To get gross writings on the best possible basis of distribution and cost. This will bring the over-all business into a situation where reinsurance can be called on to stabilize, not to perform miracles.
2. To buy the least possible amount of reinsurance that prudent underwriting will permit, and
3. To buy reinsurance prudently with the aim of developing a lasting reinsurance relationship which will successfully endure the vicissitudes of violent storms and loss ratio trends, remembering that today's bargain may be tomorrow's headache.

### House Hears Leslie Testify on WC Rates

William Leslie Jr., general manager of National Council on Compensation Insurance, testified before a House subcommittee on the effect certain provisions would have on rates insurance companies would have to charge as a result of the proposed changes in the longshoremen's and harborworker's act. The changes would increase benefits and otherwise liberalize the existing law.

### Three New McElveen Offices

Thomas M. McElveen Adjustment Co. of Miami has opened branch offices at Tampa under the supervision of Harry Tressler, Miami Beach under supervision of the head office, and Ft. Lauderdale, also under head office supervision.



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## Gescheidler Heads NAIA Midwest Conference

(CONTINUED FROM PAGE 1)

the background and eligibility of the commercial block policy coverage and exclusions and rating procedures, John H. Hanna of the R. M. Neely Co., St. Paul, summed up the advantages of the new form. One of them, he said, is the reduction of the number of policies insured must keep.

"The economy of a single policy to insured cannot be over-emphasized," Mr. Hanna said. "He deals with a single company. As for the agent it opens up a new field of prospects. Every retailer and wholesaler becomes a prospect. It gives the agent an opportunity to take over the entire line of insured. The block policy also relieves the agent of worry as to whether his client is fully covered. In an expanding economy there is less sales resistance to this form than to others."

Other points made by Mr. Hanna were that because companies are facing rising cost of operation the all-risk policy will help to meet these increasing costs; it will aid better public relations between company and buyer and will give the company a better spread of risks.

Joseph Brink of Brink-Linnell Inc., who moderated the panel, said it provides "peace of mind" insurance. Other members of the panel were Tom Marron of the Frank S. Rogers general agency, St. Paul, who gave the background; Richard Smith, Sioux Falls, S.D., who listed the coverages and exclusions, and Jack Crowther of Cullen & Crowther Inc., St. Paul and Minneapolis, who explained ratings which he said were simple.

Writing life insurance should be a natural for the local agent, Herbert Elston, sales vice-president of Minnesota Mutual Life, told the delegates.

"By including life insurance you have an opportunity to provide complete service to your client," he said. "Your clients are investing money in life insurance and if you do not earn the income, somebody else will."

He pointed out that several insurance companies now offer all types of insurance and often when their representatives sell life insurance to a client of a local agent, they get their foot in the door and eventually take away other lines of coverage.

"Soon they have the complete line of insurance and you have one less client," Mr. Elston said. "A substantial amount of income can be obtained by the agent who services the life insurance needs of his present clients."

Tax and business insurance was explained by another representative of Minnesota Mutual, Richard Graff, director of advanced underwriting.

"All your clients have a serious problem which life insurance will solve and you are missing a bet if you do not make a deal with some life company to write their policies," Mr. Graff said.

In his report on accident prevention, Sidney E. Nelson of Racine, Wis., accident prevention chairman of NAIA, expressed the opinion that all school children up to the age of 16 should have driver training. He urged agents

in those states that do not provide for this now to contact legislators in an effort to have training established in the schools.

"If we are going to curb traffic accidents, we must have more education and stricter law enforcement," Mr. Nelson said.

Emerson H. Westwick of Chicago traffic safety division of Assn. of Casualty and Surety Companies, urged insurance men to take the lead in the "Slow Down—And Live" campaign.

"If something is not done to check highway casualties, this coming vacation season will be the worst on record," he said.

Mr. Westwick said the "Slow Down—And Live" program has been effective during the few years it has been promoted, although in 1955, nationally, it merely stopped the rising trend in highway accidents. "We need the help of you insurance men to make a better showing this year," he said.

Insurance agents were given advice on how to get publicity in their local newspapers by Ralph Keller, manager of Minnesota Editorial Assn. There is too much of a tendency these days to keep information from the public, he said, and advised the agents not to be guilty of this practice. He urged agents to support their local paper both by subscriptions and advertising.

Four rules for good salesmanship were suggested by W. H. Gove, of St. Paul, a sales expert in several fields. His advice to the agents was: (1) Tell the prospect you would like to get his opinion on a question; (2) make a commitment to do something; (3) tell him not to worry, you will take care of everything; (4) make him a gift of some kind.

Social events abounded and were well attended. Western Underwriters Assn. with Manager E. H. Born and W. H. Dithmer and K. S. Ogilvie in attendance, gave its traditional dinner for state association secretaries. Minnesota Mutual Life was host at the cocktail party Tuesday and St. Paul F&M provided the floor show at the dinner.

Anchor Casualty was host at a buffet supper Sunday evening, which drew a large crowd. A. L. Roach, vice president was in charge and chairman Henry Guthenz and most of the official staff were present. Upper Midwest Assn. of Managing General Agents and Fidelity and Deposit maintained coffee bars throughout the meeting and company headquarters were on every floor of the St. Paul and Lowry hotels.

## Standard Accident Names Two

Standard Accident and Planet have appointed Leo J. LaPorte manager of the claim department at Detroit and A. Lester Illy assistant claim manager there.

Mr. LaPorte joined Standard Accident at Detroit in 1941 and was named claim representative in 1946. In 1954 he was advanced to assistant manager of the claim department at Detroit.

Mr. Illy started with Standard at Detroit in 1945. In 1955 he was appointed claims supervisor for Detroit.

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## FIELD

### Royal-Liverpool Makes Florida Field Changes

Royal-Liverpool has promoted Edward K. Dick from special agent to state agent in Florida at Tampa and has transferred Donald L. Heaton, special agent, from Tampa to Jacksonville.

Mr. Dick joined the company in 1952 and was named special agent in Georgia at Atlanta in 1953. He was transferred to the Florida field at Jacksonville later that year.

Mr. Heaton joined the company in the Atlanta office and was named special agent there last year. Later last year he transferred to the Florida field at Tampa.

### Fire Association Makes Ohio Field Changes

Fire Association has advanced Rodger W. Gibson and Gilbert P. Pearson to state agents in Ohio at Cleveland under direction of George L. Coates, regional manager.

Mr. Pearson had been in the California field. Mr. Gibson was a special agent in Ohio before his present promotion. Both are graduates of the company's training school.

### Hanover Names Hubbard State Agent in Georgia

W. L. Hubbard has been appointed state agent in Georgia for Hanover. His headquarters will be in the Citizens & Southern National Bank building, Atlanta. He succeeds Wharton Mitchell, who has been transferred to the home office as assistant secretary in charge of the southern department.

Mr. Hubbard has been in the Georgia field for another company.

### Didier Named in Indiana

C. L. Zook, general manager of the National of Hartford group's western department, has announced the appointment of Alex D. Didier as farm special agent for Indiana.

Mr. Didier, a graduate of St. Paul School of Agriculture, has had experience in farming and the general insurance business. He will have headquarters in the Indianapolis office of National of Hartford group at 115 North Pennsylvania street.

### Donmoyer Joins American

William L. Donmoyer has joined the Detroit field staff of American, and will assist State Agent E. B. Martineau in the production and underwriting of casualty business. Mr. Donmoyer has been in insurance in Detroit for 15 years.

### N. J. Outing Set

New Jersey Fieldmen's Assn. will hold its annual past presidents' dinner and golf outing May 29 at Rock Springs country club, West Orange, N. J. Robert Trinks is chairman. Reservation deadline is May 5.

### Ohio Fire Underwriters Meet

Ohio Fire Underwriters at a meeting in Columbus heard a talk by V. Paul Felton, regional sales manager at Cleveland for Dun & Bradstreet.

The association also announced plans for its annual meeting, June 12-14, at the Summit hotel, Uniontown, Pa.

Kansas Fire Prevention Assn. will inspect Marion May 2. Alex Case, prominent local agent, is in charge of arrangements.

### Rolander Joins American as Oregon Special Agent

George M. Rolander, Oregon state agent for National Union, has joined American in the Oregon field replacing William H. Breeden. Mr. Breeden has been promoted to assistant manager of American at San Francisco. Mr. Rolander will have headquarters at Portland.

### St. Paul F.&M. Appoints R. W. Reynolds at Atlanta

St. Paul F.&M. has appointed R. Wayne Reynolds special agent for fidelity and surety bonds, with headquarters in the Red Rock building, Atlanta.

### Zurich Names Eaton Mich. Representative

Durand R. Eaton, has been named field representative in western Michigan for Zurich. He was formerly with Hartford Accident.

### Smith Transferred to Ind.

Springfield F.&M. has transferred Gene A. Smith from Wheeling, W. Va., to Indianapolis where he will handle the southeastern part of the state as associate state agent. His headquarters will be in the East Market building, with State Agent James H. Kickler.

### J. E. Redmon Promoted

Jack E. Redmon, who has been traveling the Kentucky and Tennessee field for Camden Fire for 14 years, has been promoted to state agent and will confine his activities to Kentucky with headquarters in Louisville, where he will be associated with State Agent Shirely B. Lawrence.

### Hurt & Quin Names Hosea

Hurt & Quin, general agents of Atlanta, have appointed Andrew J. Hosea as special agent in south Florida with headquarters at Miami. He has been at the home office. In the Florida territory he succeeds Roy L. Cowan Jr., who has gone with a local agency at Miami.

### Inspect Langdon, N. D.

North Dakota Fire Prevention Assn. inspected Langdon. Ross Barker of National Fire, W. D. Whitacre of Crum & Forster and Byron Anderson of Saint Paul F.&M. had charge of arrangements.

### Phillips Named at Chicago

American Surety has appointed Charles C. Phillips as special agent at Chicago. After attending the University of Illinois, Mr. Phillips joined American Surety last December. He has completed the training program for special agents.

### Block Policy Talk in Minn.

M. B. Ryon, manager of Fire Underwriters Inspection Bureau, and O. A. Bergerson, assistant manager, spoke before 110 members of the Minnesota Fire Underwriters Assn. last week at Minneapolis. Their subject was commercial block policies.

### Electricity Talk at Milwaukee

MILWAUKEE—J. G. Dickinson, superintendent of accident prevention for the Wisconsin Electric Power Co., gave a demonstration of the constructive as well as destructive power of 15,000 volts of electricity at a meeting of Wisconsin Fire Underwriters Assn. here. He was assisted by P. M. Cartwright, safety engineer, and M. C. Peterson, insurance analyst of the

utility. Precautions to be taken when encountering any fallen high tension wire were emphasized.

### Name MacLeod to Succeed Wallace in Colo. Field

National of Hartford has named Special Agent Charles A. MacLeod to succeed State Agent R. B. Wallace in Colorado, effective May 1.

Mr. Wallace will retire under the company's retirement plan on July 31 after 37 years service. He is a past president of Mountain States Field Club and has been active in the Blue Goose.

Mr. MacLeod began his career with an agency in New Mexico and joined National in 1951 as a field man in New Mexico. He later established the company's field office at Albuquerque and was transferred to Denver in 1954.

## A & S

### Executives Named for New A&S Assn.

The executive staff of Health Insurance Assn. of America will be comprised of Robert R. Neal as general manager, John P. Hanna as general counsel, J. F. Follmann Jr., director of information and research, and Roy A. MacDonald director of company relations.

Mr. Neal has been resident Washington counsel for both H&A Underwriters Conference and Bureau of A&H Underwriters. He was president of the conference in 1952.

Mr. Hanna, managing director of the conference, joined it as attorney in 1947.

Mr. Follman is general manager of Bureau of A&H Underwriters. He was with the Pennsylvania insurance department four terms before joining the bureau.

Mr. MacDonald is director of company relations of H&A Underwriters Conference. He previously was with the A&S department of Great-West Life.

### Mich. State Students Vote for Group Life, A&S Cover

EAST LANSING, MICH.—Michigan State university students voted in favor of a proposed group life and accident program in a referendum conducted during spring term registration last week.

William Wurm, Highland Park, Ill., senior and chairman of the student government's insurance committee, said cost of the coverage under a tentative plan would amount to about \$10.50 per student per year, providing \$2,000 life cover, up to \$150 in surgical benefits, and \$500 for medical expenses in accident cases.

The program, it is anticipated, will be set up next fall if 60% or more of the incoming students sign for it at registration.

### Mich. City Quits Blue Cross

One of the first governmental units to transfer its hospitalization coverage from Blue Cross, recently target of much public criticism in Michigan, is the city of Allegan. The council during the past week adopted a new program with the Great-West Life, which had the lowest of four bids.

The package plan adopted includes a \$1,000 life, \$1,000 accident and \$25 weekly disability policy, in addition to hospital and medical payments. The city pays for the employee's premium and the employee for his dependents.

### Coursey to Leave A&S Agents' Post

William G. Coursey, managing director of International Assn. of A & H Underwriters, is resigning effective July 1 to take a home office agency department position with Midland National Life of South Dakota.

It is understood that Mr. Coursey's resignation already has been submitted to the association executive committee and that a special group has been named to seek a successor, comprised of Clifford E. McDonald, International Fidelity Life, Dallas, president of the International association; Leonard A. McKinnon, McKinnon & Mooney agency, Flint, Mich., and John G. Galloway, Provident Life & Accident, Birmingham, Ala., both past association presidents.

Mr. Coursey joined the association as managing director in 1951, his first insurance affiliation. He is a graduate of Northwestern university law school.

### Urge Changes in Credit A&S Rates, Practices in Texas

AUSTIN—Numerous instances of abuses, especially in the field of credit A&S insurance, were cited by witnesses at a public hearing on credit insurance rates before the Texas department last week. More than 250 officers of insurance companies and lending firms were present.

Aside from the criticisms, principal interest centered in proposed rate reductions up to 20% on credit A&S lines as submitted by William J. Walsh, general counsel of the Consumer Credit Insurance Assn., Chicago. According to Mr. Walsh, present Texas rates for monthly decreasing and level term life coverage in the credit field are consistent with national rates and do not need modification.

Other recommendations made by Mr. Walsh were as follows: That no policy writing fee be permitted; that the annual \$300 fee assessed companies writing consumer credit insurance be earmarked for hiring sufficient enforcement personnel, and that the amount and term of insurance be limited to the amount and term of the indebtedness.

Witnesses reporting abuses were: Maj. Milton Swett of Kelly air force base, San Antonio; Ted Hansen, Better Business Bureau of Houston, and three representatives of the Junior Bar Assn. Some of the witnesses criticized the business for "failing to police itself."

In turn, spokesmen for insurance companies generally took the position that "most of the evils involve the lender-agent and not the company." Among those testifying were: Calvin Huffman, American Guaranty Life, Austin and James Thomas, Eureka Life, Wichita Falls.

### Ind. Orders Blue Shield to Make Policy More Specific

The Indiana department has issued a formal order to Mutual Medical of Indianapolis (Blue Shield in Indiana) to include its full, master schedule of indemnities in all policy contracts plus a provision that benefits will not be reduced during the period of coverage. At the present time, Blue Shield policies in Indiana do not list a schedule of benefits but attempt to incorporate a master schedule by reference.

It is the contention of the department that a policyholder must be issued a "true and complete contract of insurance" and that a policy which seeks to incorporate any provision or provisions by reference only is not a true and complete contract.

The order states that it "may be



complied with by printing and delivering a new print of your policy or by delivering a rider form to each of your company's insureds; such new print or rider must contain the master schedule of indemnities now incorporated by mere reference into your present policies and such new print or rider shall contain words which will obligate your company not to reduce benefits payable during the period of coverage; such new print or rider shall be set in not less than 10 point type."

Blue Shield has indicated it will comply with the order.

### Brovan Named Head of S. F. Managers Group

Charles D. Brovan, Mutual Benefit H.A., was elected president of A&H Insurance Managers Assn. of San Francisco. William Miller, Massachusetts Bonding, was named vice-president and Edward Manning, Royal Indemnity, was elected secretary-treasurer.

The members discussed the possibility of developing a hospital admittance program for individual policyholders. Marshall Goodman, Provident Life & Accident, was appointed committee chairman to study the program.

### Grumbache to Promote A&S for Hartford

Hartford Accident has appointed Robert H. Grumbache Detroit sales promotion representative for the company's new A&S department.

He will aid agents in southeast Michigan in developing sales and servicing accident, hospitalization and group cover.

Before joining the company recently, he worked for 10 years in group hospitalization and was a branch and district manager for Blue Cross.

### FTC Schedule of Hearings Continues

Federal trade commission has taken under advisement cross appeals from decisions made by FTC examiner Hier on the FTC complaint against National Casualty. FTC also had scheduled for

hearing April 10 at Dallas its complaint against National Bankers Life. Examiner Haycraft was to hear the case.

### Hoth Named Assistant V-P of Mutual Benefit H.A.

Mutual Benefit H.A. has promoted Marvin P. Hoth to assistant vice-president in charge of sales methods and the curriculum of the sales training schools. He will also supervise a study of factors determining current sales potentials.

Mr. Hoth joined Mutual of Omaha at Waterloo, Ia., in 1948, and was field supervisor, office manager and assistant agency manager before going to the home office sales division in 1953. For two years he has been active in all phases of sales training. He is a past president of Northeast Iowa Assn. of A&H Underwriters.

### All American in New Home

All American Life & Casualty of Chicago has moved into its new home office building at 505 Park Place, Park Ridge, Ill.

### Seek Assessment of Policyholders of Defunct Pa. Mutual

Legal action to collect from policyholders the \$686,978 deficit of the defunct Seaboard Mutual Casualty has been started by Pennsylvania. The first 17 of more than 2,000 suits have been filed in the prothonotary's office in Philadelphia. The suits are against policyholders of Seaboard Mutual, which was ordered dissolved by the Dauphin county common pleas court in 1951, and are for an assessment equal to each policy's proportionate share of the company's losses and other legal obligations.

John T. Curtin special deputy attorney general, filed suits against 17 policyholders in Philadelphia, asking for a total of \$4,500. Most of these policyholders are located in Philadelphia and Allegheny counties.

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**ADJUSTERS**  
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Investigators and Adjusters  
ALL CASUALTY LINES  
Serving Chicago & vicinity, Waukegan, Ill., Gary, Hammond and Northwestern Indiana  
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Serving Minnesota since 1940  
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##### R. L. GRESHAM & CO. Multiple Line Adjusters

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##### O. R. BALL, INC. Fire—Inland Marine Allied Lines

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302 Home Savings & Loan Bldg.  
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FIRE & ALLIED LINES  
33 Years Experience 24 Hour Service

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All Lines  
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ALL LINES

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Tandy & Wood Bldg. - Idaho Falls, Idaho  
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#### WISCONSIN

##### ROY H. SCHALLER & CO., INC.

Investigators & Adjusters  
Milwaukee Office  
Bankers Bldg., 208 E. Wisconsin Ave.  
Telephone Broadway 1-4048  
Chicago Office  
460 Ins. Exchange Bldg., 175 W. Jackson Blvd.  
Telephone WABash 2-3541-2

### American F. & C. Sets New Asset, Premium Records

American Fire & Casualty wrote record net premiums of \$4,666,826 in 1955, an increase of more than \$600,000, Walter L. Hays, president, reported. Unearned premium reserve was \$2,443,809, an increase of \$427,008.

The loss ratio decreased from 57.7 to 53.4. Losses and loss expenses plus underwriting expenses increased from \$3,548,866 to \$4,060,104. Underwriting profit rose from \$18,846 to \$179,713. Investment income increased from \$191,046 to \$318,558. Surplus to policyholders increased \$387,930 to \$2,084,538. Earnings per share after income taxes rose from 86 cents to \$2.02. Assets at year's end were \$8,080,961, compared with \$6,955,517.



Walter L. Hays

#### CORRECTION

Several objections were filed at the hearing on the proposal to audit homeowners policies in Kentucky, contrary to the statement in the article in last week's issue. Multiple Peril Insurance Rating Organization appeared and objected strenuously to the proposal on the grounds that the insurance department has no statutory or other authority to compel auditing and that there was no evidence introduced that any homeowners policy had been written incorrectly.

The department introduced considerable evidence concerning the handling of straight fire policies. Apparently there has been some trouble in Kentucky with straight fire policies in suburban areas where there has been rapid expansion beyond the limits of fire protection districts.

Also registering objections were Transportation Insurance Rating Bureau, National Assn. of Independent Insurers and North America Group.

### Guarantee of N. A. Declares \$3 Extra

Guarantee of North America has declared an extra dividend of \$3 payable April 13 to stockholders of record March 31. For the past two years the company has paid a \$3 extra dividend per quarter in addition to its regular \$1.50 dividend per quarter.

### Midwest Storm Loss to Top \$16 Million

(CONTINUED FROM PAGE 1)

and wind in Texas and Oklahoma have been estimated at \$1,500,000. Drumright, Okla., was hit by a tornado accompanied by hail. There are some 600 losses averaging \$1,000—most of them involving dwellings. Total number of claims in Cushing, Commerce, Quapaw, Miami, Alva and Fairview have been estimated at 2,000 with an average of \$150. Bryan was the hardest hit of the Texas towns and the majority of damage was to dwellings and insured TV antennas, with the total loss estimated at \$440,000.

General Adjustment Bureau has set up a storm office at Drumright and at Broken Bow, Okla., where a hail storm March 27 caused an estimated 800 losses averaging \$175.



ORGANIZED in 1880, IOWA STATE is the oldest organization of its kind in the world. Reputable, strong and experienced, it offers to the white-collar worker a modern accident insurance coverage tempered with old fashioned friendliness and consideration... and at a cost consistent with the most modest budget.

### Iowa State TRAVELING MENS ASSOCIATION

DUTTON STAHL, Secretary  
DES MOINES, IOWA

### WHERE TO PLACE YOUR BUSINESS

A guide or directory of responsible and adequately equipped local agents. These offices have nation-wide facilities for handling your out-of-state business.

#### ILLINOIS

### CRITCHELL-MILLER INSURANCE AGENCY

Established 1868  
Insurance Exchange Building  
CHICAGO

### FRED. S. JAMES & Co.

Since INSURANCE 1858  
One North La Salle Street  
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FI 6-3000  
Offices Coast to Coast

### Moore, Case, Lyman & Hubbard

General Agents  
175 W. JACKSON BLVD.  
CHICAGO  
WABash 2-0400

### Rollins Burdick Hunter Co.

231 S. LaSalle St.  
Chicago  
Telephone ANdover 3-5000  
New York Seattle

#### WISCONSIN

### Chris Schroeder & Son, Inc.

210 E. Michigan St., MILWAUKEE  
Engineering Services—All Lines  
The largest insurance agency in the State of Wisconsin



## Sees A&S Ad Rules Wiping Slate Clean

(CONTINUED FROM PAGE 1)  
and pre-existing conditions and as to the insurer's right to cancel or refuse to renew.

According to Mr. Pansing, many of the complaint problems could be remedied by educating the public to understand that an A&S policy is like a fire policy, not like a life policy. The average policyholder knows he cannot buy fire insurance after his attic has begun to smoke, he even knows his rate will go up or he will be cancelled out if he keeps an open fire in the attic after the policy has been issued. However, when the same principles are applied to his A&S contract, not only has he never heard of them, but, when he is told, he rejects them as unfair or calls them hidden technicalities used only to defraud him in time of need.

In addition to education of individual policyholders by agents, Mr. Pansing emphasized the importance of companies being completely open and frank with their producers in discussing claims and renewal practices with respect to each type of coverage offered.

Mr. Faulkner, who reviewed the organizational processes of the new Health Assn., described some of its functions and responsibilities. Because most of the major problems of A&S insurance are of interest to all insur-

ers, irrespective of type or location, he said it was felt the industry could best be served by a single trade organization. With a charter membership of approximately 250 companies, representing well in excess of 80% of the A&S business in force in the U. S. and Canada, he said HIA will be in a position to provide superior service to the industry.

### CORRECTION

The insurance on the Philadelphia Bulletin building, which was badly damaged as a result of the explosion at the nearby Tidewater Grain Co. granary, was divided 45-55% between Factory Insurance Association and Factory Mutuals. It was incorrectly stated in last week's issue that this was the division on the granary. Coverage on Tidewater was in the stock companies.

The extensive damage to the Abbotts Dairies property, which also is near the granary site, was uninsured.

Insurance Women of Fort Wayne (Ind.) heard a talk on "The Chemistry of Fire" by D. M. Weiss, head of plant protection for International Harvester Co. at Fort Wayne.

### FIRE UNDERWRITER

Have you underwriting experience? Would you like to have a responsible job with an established stock multiple line company in Northern Illinois? We have a spot tailor-made for someone so qualified, who's looking for a position with a future. Our employee benefits are liberal. The pay will depend on your ability and experience. Our office is a friendly and pleasant place to work. Write our Personnel Department.

THE AMERICAN INSURANCE COMPANY  
304 No. Main Street  
Rockford, Illinois

### AUTOMOBILE UNDERWRITERS

Excellent opportunities in new ultra modern building; merit increase program, liberal benefits, pleasant working conditions, 36 1/4 hours.

### LUMBERMENS MUTUAL CASUALTY COMPANY

a division of  
Kemper Insurance  
Beechwood Road, Summit, N. J.  
CRestview 3-9000

### LIVE AND WORK IN SUNNY SAN DIEGO

San Diego California Local Agency Established sixty years wants man 25-30 for permanent position in organization. Opportunity to advance in responsibility and income. Group Insurance and attractive Retirement Plan.

College education preferred but not mandatory. Insurance experience and training in fire, casualty or surety desirable. Position involves servicing customers accounts and production. Write qualifications including recent photograph. Address Box L-87, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### EXCELLENT OPPORTUNITY

for a young man who has been an account executive or insurance manager, and has a comprehensive knowledge of all lines of insurance, to join one of the largest insurance agencies in the Southwest as an account executive servicing and developing large accounts with interesting and complex insurance problems. Automobile furnished, Group Life and Hospitalization Insurance, double paid vacation, annual bonus, credit union, and other employee benefits. Salary commensurate with knowledge and ability. Reply Box L-92, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Old, established Stock Company doing country-wide multiple line business is expanding operations. Its plan is to build productive territories into service and branch office operations. It is seeking qualified field men with branch office management potential. Write giving detailed résumé of background. Our staff knows about this advertisement.

Box L-94, The National Underwriter  
175 W. Jackson Blvd., Chicago 4, Ill.

## WANT ADS

Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 5 P. M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### CASUALTY INSURANCE POLICY DRAFTSMAN

Attorney, age 30-40, experienced in casualty insurance coverage needed by the family, and able to draft policies and endorsements.

This position, with a large well known casualty and fire company, offers outstanding opportunity to a well-grounded man capable of a fresh, creative approach.

Our personnel department will screen replies and hold them confidential. Please list age, experience, and education.

Box L-88, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### UNUSUAL OPPORTUNITY FOR SPECIAL AGENT

An aggressive, multiple-line stock company has opening in Chicago territory for special agent who has proven his ability to develop business. Our unique incentive plan will interest you. Reply, stating age, education and experience, to Personnel Dept., General Fire and Casualty Company, 1790 Broadway, New York 19, N. Y.

### INSURANCE RESEARCH AND DEVELOPMENT ANALYST

Large, rapidly growing, multiple line insurance company needs a man for research on policies and coverages sold to the average family.

This position offers a good starting salary, based on background, and unusually good future potential.

The candidate chosen should have sound multiple lines analysis or research experience.

Replies confidential; please submit full résumé. Box L-90, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### WANTED BY MULTIPLE LINE STOCK COMPANY—BRANCH MANAGER

Experienced Casualty man of proven underwriting and production ability—to establish Branch Office and develop business in States of OHIO, INDIANA and KENTUCKY. Previous experience desirable.

Also similar position open for man of like qualifications to cover States of WISCONSIN, MINNESOTA and IOWA.

Please give complete information in first letter. Our staff aware of this ad.

Address Box L-81, THE NATIONAL UNDERWRITER  
175 W. Jackson Blvd., Chicago 4, Ill.

### CLAIMS SUPERVISOR—PERSONAL INJURY ASSISTANT CLAIMS SUPERVISOR PERSONAL INJURY ADJUSTERS CLAIMS EXAMINER (Home Office)

We have immediate openings in our Chicago and Springfield, Illinois offices for men 25-40 who are anxious to become associated with a progressive stock casualty company.

We offer excellent opportunity for advancement with liberal salary, group insurance plan, and other employee benefits.

Write and tell us about yourself; interviews will be arranged on the basis of information contained in your first letter.

LINCOLN CASUALTY CO.  
500 E. Capital Avenue Springfield, Illinois

### EXPERIENCED UNDERWRITERS FOR DETROIT, MICHIGAN

We have openings for experienced Workmen's Compensation—General Liability and Automobile Underwriters. Downtown office. Minimum 2 years experience. Write full details as to education and experience. Replies strictly confidential.

MICHIGAN MUTUAL LIABILITY CO.

28 W. Adams St.  
Detroit 26, Mich.

Attention: Miss V. Weir, Employment Manager

### POSITION WANTED

Mathematician. 7 years experience in casualty and fire statistical and actuarial field with large company. 30 years old. Will relocate South or West. Address Box L-80, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### OHIO OPPORTUNITY

Our continuing growth in the Ohio field requires the addition of two men between 28 and 38 who have predominately fire insurance backgrounds for field work in northern and central Ohio operating out of our Columbus Office. A successful record of field production in Ohio would be helpful although this is not absolutely essential. This is a career opportunity. We are a 114 year old Marine & Fire Company group and are looking for better than average men intending to pay better than average salaries. Write giving full experience details, and information concerning family and military standing to Box L-93, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY SPECIAL AGENT

There is a fine opportunity for a young man with 2 or 3 years of production experience to affiliate with us in our Alabama territory. Also an opening in our Georgia territory. Write in confidence to: PERSONNEL DIRECTOR. Specify age, education, experience, marital status & minimum salary required and why you are interested in making a change.

GREAT AMERICAN INDEMNITY CO.  
1 Liberty St. New York 5, N. Y.

### CLAIMS ADJUSTER

Michigan Branch office needs a Claims Adjuster to handle automobile, casualty and workmen's compensation claims in the northeastern Michigan territory. Good salary, car furnished and other benefits. Address your reply with black and white small photo of yourself to: L-83, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### UNDERWRITERS

Opportunities in sunny California for experienced Casualty, Fire, Auto, Marine Underwriters. Good starting salaries combined with excellent opportunities for individual growth in rapidly expanding major independent stock company. Send resume experience, education, age, salary desired. All replies confidential. Box L-96, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CLAIM MANAGER AVAILABLE

Age 42, married, 18 years experience multiple lines, 13 years claim manager. Now employed as Claim manager but desire change of location, preferably Florida. Address Box L-86, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

## H. W. Yount Predicts Growth in ML Importance

(CONTINUED FROM PAGE 4)

because it is written on an 'occurrence' basis rather than on an 'accident' basis, and the court decisions in this area are far from uniform. A package policy like the homeowners' policy requires an understanding of the purposes of the coverage and the type of insureds involved. Many small claims are presented. Accurate records such as might be available in a business are not obtainable to help determine the value of the property damaged.

Inspection and engineering of package policy risks was analyzed by C. M. Rowley, chief engineer American Manufacturers Mutual, Chicago, with emphasis on homeowners' or comprehensive dwelling policies and on mercantile or commercial block coverages. He held that until more loss cause data are available, inspections from a practical standpoint will be confined to factors which could cause shock losses, even though the engineer should watch for and report unusual conditions which the underwriter would not expect to be present in a normal risk.

Shock loss causes to property are similar under homeowners' and mercantile block coverages, even though there are differences in emphasis; they are fire, windstorm, burglary, water damage, and transportation. The main inspection difference is that under residential policies it is necessary to look for personal injury hazards on the premises, while this is not required under mercantile block policies.

In discussing the "Package Concept of Insurance," W. H. Rodda, secretary Transportation Insurance Rating Bureau, Chicago, pointed out that mutual companies through this organization have been the leaders in developing mercantile block policies. Mr. Rodda said that TIRB's commercial block policy has many advantages over others in the way of simplicity, breadth of coverage, and ease of underwriting, but that it has been withdrawn in some states in the interest of achieving concurrency with other insurance.

He predicted that the package concept will increase in importance, with the next development probably an "all risks" type of coverage for office equipment. A coverage for manufacturers, perhaps to be called a manufacturers block policy, is being studied to cover property on the premises of policyholders not covered under mercantile block or manufacturers output policies. A development already begun

is the addition of automobile coverage to homeowners' policies.

"Financial trends and their effect on underwriting the moral hazard" was the subject of I. G. Wilkes, National Retail Credit's superintendent of fire and casualty service development, Atlanta, Ga. He said that his organization audits annually a large percentage of the credit reports it sends out to insurance companies, and that during the depression years it felt that about 15% of the business people reported on were of a type which insurers would be warranted in refusing to insure. At present, and on average over the past 10 years, this has declined to below 9%.

Mr. Wilkes pointed out that moral hazard in the property insurance sense is present even in generally favorable times, although it seems greatest in times of generally unfavorable financial trends when over-all values decline. He said that current changes which should be watched by underwriters are the superhighway developments which will mean that some businesses no longer will be on main roads, and the development of large trading centers in neighborhoods.

Ben C. Vine, vice-president Millers Mutual, Alton, Ill., commented upon changing property insurance loss ratios. He questioned whether dwelling business can now be considered a preferred class in view of rising fire and extended coverage loss ratios, and warned that such lines no longer can be judged on the basis of fire experience alone. Mercantile buildings traditionally have been considered better risks than mercantile contents, yet over recent years loss ratios on mercantile buildings have gone up while those on mercantile contents have decreased, and in 1954 contents loss ratios were lower than building ratios.

The question of when it is time for an insurer to increase its net lines was considered by J. P. Gibson, Jr., president American Mutual Reinsurance, Chicago. He held that review of a company's net lines always is in order, and should be given top priority. "While a company must live or grow hungry on its gross lines," he said, "it is the net line that is reflected in its annual statement. A well-managed company with a growing volume of good business has an obligation to its policyholders to retain net as much of such business as it can on a sound basis. A company with an indifferent

or unfavorable volume of business should do some serious soul-searching, because there is no type of reinsurance which in the long run will make bad business good."

Technical subjects discussed during the conference included dangerous chemicals, air conditioning, flood and wave-wash, waste incineration, concrete roof construction, atmosphere furnaces, electrical equipment for hazardous locations, electro-plating, dry cleaning hazards, safeguarding of radioactive isotopes, and plastics as an engineering material of construction.

Daniel F. Hayes, chief of the safety and fire protection branch of atomic energy commission, said it was doubtful that nuclear fission properly could be classed as combustion. He stressed that fission and radiation are not the only sources of concern for fire protection engineers, although they are the principal nuclear additions to his problems.

Steam has in the past played an important part as the heat transfer medium in ordinary heat mechanics. In nuclear heat transfer techniques, water may not always be the best agent, and we find some types of reactors in which rather unusual materials (from the fire protection engineer's viewpoint) are being used. These, outside of the pile itself and not necessarily concerned with the nuclear aspects of the application, may give him some rather serious concern.

The story of plastics as an engineering material of construction was presented by a panel of five representatives of the plastics industry which had been organized by M. F. Gigliotti, Monsanto Chemical Co., Springfield, Mass. An outline of the operation of the plastics industry was given by J. K. Honish, Union Carbide & Carbon Co., New York; properties of plastics materials were described by E. E. Ziegler, Dow Chemical Co., Midland, Mich.; applications of plastics in construction were illustrated by A. H. Dietz, Massachusetts Institute of Technology; and building codes and safety requirements in connection with the use of plastics were analyzed by E. J. Rarig, Rohm & Haas Co., Philadelphia.

## FTC Proposes A&S Ad Rules, Sets Hearing April 30

WASHINGTON—The federal trade commission has released its proposed trade practice rules of A&S advertising to be considered by insurance interests at a hearing here April 30.

Briefs, letters, statements, objections, views, etc., on the rules may be submitted to FTC until that date. At the hearing any person, firm, corporation, organization, or other party desiring to appear and be heard will be given opportunity to do so.

There are 16 separate rules to govern misleading advertising. They deal with definitions of advertisements, policies and insurers, deception in general, advertisements of benefits, losses covered or premiums payable, disclosure as to exceptions, reductions and limitations; disclosure of required information, testimonials. They also cover deceptive use of statistics, availability of policy or refund of premiums, identification of plans, disparagement of competitors, deceptive use of trade names, service marks, etc. The rules are similar but not identical to those in the code promulgated by National Assn. of Insurance Commissioners.

## PERSONALS

Director Thomas R. Pansing of Nebraska has been given the "Advertising Man of the Year" award by Advertising Club of Lincoln. The award



Director Pansing of Nebraska (left) receiving the advertising award from Donald M. Clark, agency secretary of Security Mutual Life and president of the Advertising Club of Lincoln.

was given for Mr. Pansing's work in the field of accident and sickness insurance advertising. He is chairman of the committee of National Assn. of Insurance Commissioners that has been instrumental in initiating and promoting adoption of an A&S advertising code.

Freeman C. Read, Chicago manager of Royal Exchange, is convalescing in Wesley Memorial hospital following an operation recently. He will return to duty in a few weeks.

C. C. Frazier, general counsel of H&A Underwriters Conference, is in Lincoln general hospital, Lincoln, Neb., recovering from an appendectomy performed April 4.

## DEATHS

O. D. HAUSCHILD, founder and attorney-in-fact for Retail Lumbermen Inner-Insurance Exchange of Minneapolis, died at Tucson, Ariz. He had been in the insurance business since 1896. A brother, John Hauschild, retired last year as head of the Charles W. Sexton Co. agency of Minneapolis, St. Paul and Portland, Ore.

JULIUS BUBOLZ, 93, founder of Home Mutual of Appleton and secretary of the company for 66 years, died at Appleton.

JACOB W. SCHIELE, who operated the Schiele-Kleinschmidt agency of St. Louis for more than 50 years, died after an operation.

EDWARD H. FISHMAN, 80, one of the oldest agents in Cleveland, died at his home in Lakewood. He founded the E. H. Fishman, Inc., in 1902 as an agent for Maryland Casualty. Recently he had been chairman.

Glens Falls has moved its southwest Service office to 3325 Wilshire boulevard, Los Angeles. A. Allen Moss is manager and Robert L. Hamsenn is assistant manager.



Members of the Insurance Day committee of Chicago Board of Underwriters pictured at the I-Day sessions last week are, left to right: George Hermann III of George Hermann Co.; P. Warren Smith of Youngberg-Carlson Co.; Dwight Ingram of Griffin, Ingram & Pfaff; J. Joseph Corbett of the Adams-Clark agency; C. T. Rothermel of Moore, Case Lyman & Hubbard, and Frank R. Miley of W. A. Alexander & Co.

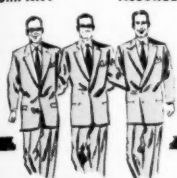




THE COMPANY THAT  
"SHOOTS  
STRAIGHT"  
WITH ITS AGENTS

Only by "SHOOTING STRAIGHT"  
with AGENTS can our COMPANY  
be certain the ASSURED receives  
dependable and courteous service.

AGENT  
COMPANY ASSURED



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HOUSTON FIRE AND CASUALTY INSURANCE CO.



GENERAL INSURANCE CORPORATION

MAIN OFFICE

FORT WORTH, TEXAS

EASTERN DEPARTMENT — PHILADELPHIA    PACIFIC COAST DEPARTMENT — PASADENA, CALIF.



American Equitable Assurance Company

of New York

Organized 1918

Globe & Republic Insurance Company of America

Established 1862

Merchants and Manufacturers Insurance Company

of New York

Organized 1849

New York Fire Insurance Company

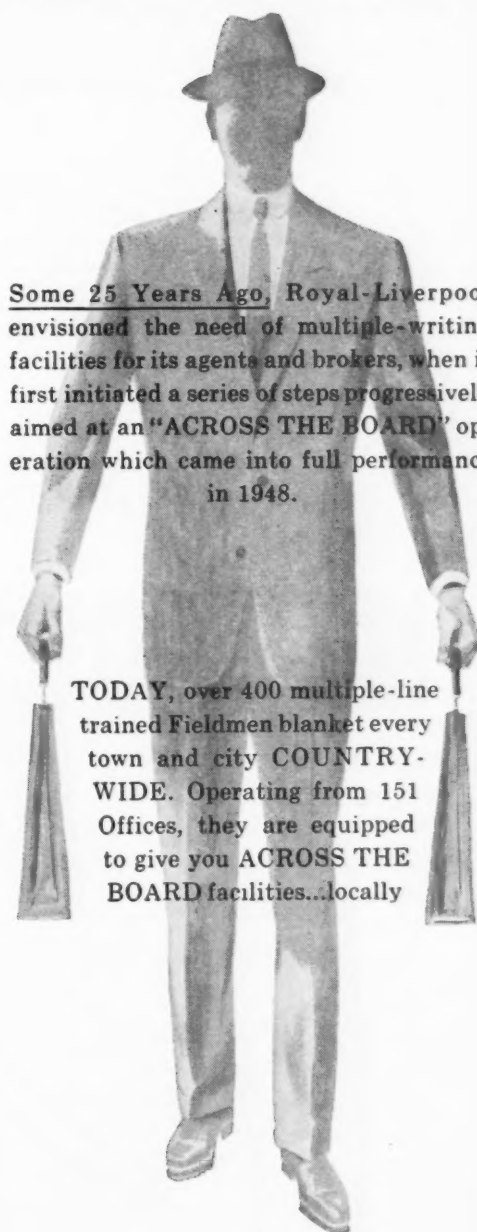
Incorporated 1832

CORROON & REYNOLDS, INC.

MANAGER

92 William Street, New York 38, N. Y.

LOCALLY ..... COUNTRYWIDE!



Some 25 Years Ago, Royal-Liverpool  
envisioned the need of multiple-writing  
facilities for its agents and brokers, when it  
first initiated a series of steps progressively  
aimed at an "ACROSS THE BOARD" op-  
eration which came into full performance  
in 1948.

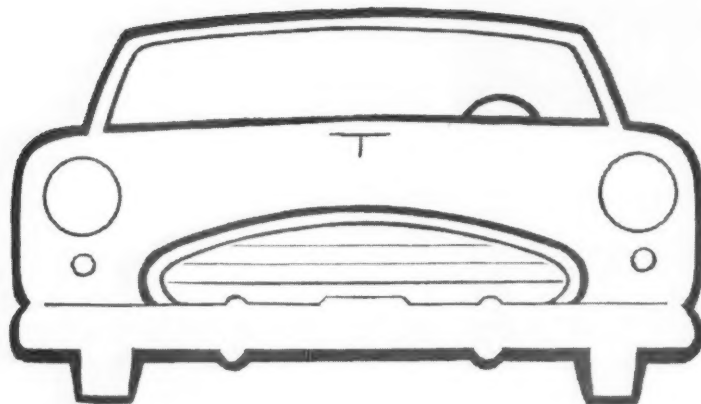
TODAY, over 400 multiple-line  
trained Fieldmen blanket every  
town and city COUNTRY-  
WIDE. Operating from 151  
Offices, they are equipped  
to give you ACROSS THE  
BOARD facilities...locally

ROYAL • LIVERPOOL  
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ROYAL INSURANCE COMPANY, LTD. • THE LIVERPOOL & LONDON & GLOBE INSURANCE COMPANY LTD. • ROYAL INDEMNITY COMPANY  
GLOBE INDEMNITY COMPANY • QUEEN INSURANCE COMPANY OF AMERICA • NEWARK INSURANCE COMPANY • STAR INSURANCE  
COMPANY OF AMERICA • AMERICAN AND FOREIGN INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE  
COMPANY, LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY



↪ in Automobiles

## THE BEST VALUE SELLS



The buyer has wide choice—in automobiles, shoes, fountain pens, TV sets. The same buyer is looking at insurance harder—for broader protection, greater service, bigger value. Once the agent needed a policy, now he needs a combination of values. North America provides the combination you can sell—Coverage that's flexible; Strength that's dependable; Claim handling that's prompt; Service in many ways. Many values, one supplier—NORTH AMERICA.

**NORTH AMERICA COMPANIES**

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Indemnity Insurance Company of North America  
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